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Commissioners of Railroads

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North Dakota.

North Dakota Public Service Commission

NINTH ANNUAL REPORT

C#

OF THE

Commissioners of Railroads

TO THE

GOVERNOR OF NORTH DAKOTA

FOR THE

YEAR ENDING NOVEMBER 1, 1898,

And reports of the companies for the year ending June 30, 1898.

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LETTER OF TRANSMITTAL.

OFFICE OF COMMISSIONERS OF RAILROADS, }
BISMARCK, N. D., Dec. 1, 1898. }

TO HON. JOSEPH M. DEVINE,

Governor of the State of North Dakota.

Sir: As required by law, we have the honor to submit to you the ninth annual report of the commissioners of railroads of North Dakota for the year ending November 1st, 1898, together with the annual reports for the fiscal year ending June 30th, 1898, of the following six railway lines, viz.: Northern Pacific Railway Company, Great Northern Railway Company, St. Paul, Minneapolis and Manitoba Railway Company, Minneapolis, St. Paul and Sault Ste. Marie Railway Company, Chicago, Milwaukee & St. Paul Railway Company, and the Chicago & Northwestern Railway Company.

Respectfully submitted,

GEO. H. KEYES,
L. L. WALTON,
J. R. GIBSON,
Commissioners.

Attest: J. E. PHELAN,
Secretary.

PART I.

PROCEEDINGS HAD IN THE RAILROAD
RATE CASE.

NINTH ANNUAL REPORT.

The past year has been one of prosperity for the people of North Dakota and a year of profitable results for the railway property in the state.

With the exception of a few instances, as indicated elsewhere in this report, railway equipment has been ample for the transportation of the products of the state and the service rendered by the railway lines has been satisfactory.

FREIGHT AND PASSENGER RATES.

As indicated in the eighth annual report for 1897 action was commenced by the commissioners of railroads to enforce a schedule of reasonable maximum rates as required by law. The record of this rate case in the eighth annual report ended with the filing of Attorney General Cowan's answers to the complaints of the several railroads interested, before the circuit court of the United States for the district of North Dakota at Fargo.

In connection with the railroad laws, the commissioners of railroads respectfully recommend that the law be so amended as to permit the commissioners of railroads to employ counsel on behalf of the interests of the state of their own accord, without being subject to the will of the attorney general. This recommendation is not meant as a reflection on the present attorney general who has acted with the commissioners in the past for the best interests of the state, but as the law now stands, in the event of the policy of the attorney general differing from that of the commissioners of railroads, it can readily be seen that the will of one man may be used unfavorably against the greater number.

It is further recommended that the law be so amended as to specifically provide and appropriate funds for expenses of litigation when necessary under proper restrictions and safeguards.

The present law, section 3, chapter 115 session laws of 1897, should be amended so as to require reports of railroad companies to be filed not later than Sept. 30th of each year, instead of July 15th, as now required, for the reason that it is impossible for the railroad companies to complete their reports for July 15th.

In the light of recent decisions of the federal court, in the event of the interests of the state requiring a reduction of rates on products shipped into the state or from points within the state to points out of the state, generally known as interstate rates, the commissioners of railroads should be empowered and required by law to act in the interests of the state, by appeal or action through the interstate commerce commission of Washington, D. C.

With the recommendations above carried out the commissioners of railroads will be amply provided for the proper execution of the constitutional requirements of the office.

During the time the rate case has been pending the railroads of the state recognized the justice of the state's requirements by reducing grain rates from points in this state to the eastern terminals of Duluth, Superior, St. Paul and Minneapolis to the extent of 15 per cent to 20 per cent, thus lessening to that extent the burden imposed on the producers, and causing a much better feeling between shippers and transportation interests than existed two years ago. Railway companies in the state have also made every effort to accommodate the shipping interests of the state and to give, as far as possible, value received for tariffs imposed.

The evidence submitted in the rate case is too voluminous to incorporate in this report, but we submit herewith the briefs of counsel for the railroads and that of the attorney general, together with the decision of Judge Amidon in the case which concludes the attempt at lower freight and passenger rates for the present board.

IN THE

CIRCUIT COURT OF THE UNITED STATES,

DISTRICT OF NORTH DAKOTA.

NORTHERN PACIFIC RAILWAY COMPANY,

Complainant,

vs.

GEORGE H. KEYES, L. L. WALTON, JOHN R. GIBSON, J. E. PHELAN, ALAN SAN W. EDWARDS, HORATIO C. PLUMLEY, GEORGE B. WINSHIP, FRED S. GODDARD, EDWIN A. SMITH, GRANT S. HAGAR, PHILIP H. SHORTT, R. M. TUTTLE, H. A. STICKLEY,

Defendants.

In *Smyth v. Ames*, 169 U. S. 466, the supreme court settled most of the questions of law which can arise in this case. Therefore we

shall confine this argument mostly to the evidence and questions of fact.

GENERAL STATEMENT OF THE CASE.

The bill is filed by the Northern Pacific Railway company, a corporation of Wisconsin, against the defendants, citizens of North Dakota, to restrain certain threatened acts authorized by a law of the state, alleged to be in violation of that clause of the federal constitution prohibiting the states from depriving any person of his property without due process of law. The jurisdiction of the court to entertain the bill is settled by *Smyth v. Ames*.

The law of the state authorized the railway commission to make tariffs, and put them in force after a certain publication. The tariffs being adopted by the commissioners, and the publication having commenced, the bill seeks to enjoin the continuance of the publication. A temporary injunction has been issued as prayed.

It is not necessary to state in detail the allegations of the bill. It alleges that the existing tariffs of the plaintiff covering local business in North Dakota are reasonable and just; that the proposed tariffs of the commission make large reductions (which are shown), and that they are unreasonable and unjust; that they would not yield revenue sufficient to pay the actual cost of doing the local business.

It was decided in *Smith vs. Ames*, pp. 540-541, that a state cannot deprive a carrier of reasonable compensation for local business, although the reduction might not seriously affect the whole revenue of a system extending through several states; that a carrier cannot be compelled by law to transact any part of its business without reasonable compensation for that business.

Reasonable compensation must include two things: (1) compensation for actual outlay in the carriage; (2) reasonable return on the fair value of the carrier's plant.

What is the fair value of the plant is, in every case, a complex and difficult question. We shall have something to say on that head later, but, in passing, it is sufficient to say; the supreme court has indicated that no hard and fast rule can be laid down as to what constitutes "fair value;" each case must turn on its own facts. The question will not arise if we can satisfy the court that the proposed rates are insufficient to pay actual cost, or to pay anything above actual cost. This we think can be done, and our first proposition is therefore,

THE PROPOSED RATES WILL NOT YIELD ANYTHING ABOVE THE ACTUAL COST OF DOING BUSINESS.

Proper understanding of this proposition involves arrangement and examination of all the proofs in the case touching tariffs, traffic and transportation. This evidence it is our purpose now to refer to. References to the evidence contained herein are to the two volumes of proofs printed in the Northern Pacific case, which contain all the evidence in that case, except certain lengthy exhibits introduced by the defendants, which we did not deem of sufficient materiality to print.

PLAINTIFF'S SYSTEM OF ROADS.

Exhibit 1, opposite page 66, volume 1, is a map of plaintiff's lines of road. The system comprises approximately 4,500 miles, lying in seven states, extending from Ashland and Superior, Wis., Duluth, St. Paul and Minneapolis, Minn., (which places are referred to in the evidence as "eastern terminals"), through a part of the state of Wisconsin, the states of Minnesota, North Dakota, Montana, Idaho, Washington, and into the state of Oregon, to western terminals at Seattle, Tacoma and Portland, with branches in Minnesota, North Dakota, Montana, Idaho and Washington, and in the province of Manitoba.

PRESENT TARIFFS AND PROPOSED REDUCTIONS.

The tariffs upon which the business in, out of, and into North Dakota moves over plaintiff's railway (with few unimportant exceptions) are the following:

1. The Distance Tariff.—This, as its name implies, is a tariff sheet under which the rate is controlled by distance. That part of this tariff, including distances up to 540 miles, is printed (vol. 1, pp. 259-261). It applies to freight traffic between all local stations on main line and branches east of and including Beach, Mont., except locally in Manitoba; that is, it applies through the states of Wisconsin, Minnesota and North Dakota. This may be called the fundamental tariff, applying to all business upon which there is no special or lower tariff, and upon or with reference to which special tariffs are made. A large proportion of the business of Wisconsin, Minnesota and North Dakota is done under this tariff. (Testimony of Hannaford, vol. 1, p. 258, and following. 294-301; testimony of Clough, vol. 2, pp. 14-16, 32, 396-398, 416-418).

In plaintiff's printed exhibit 30 (vol. 1, p. 259) the commissioners' proposed distance rates were inserted by Mr. Hannaford in red ink

opposite the corresponding rate in tariff of the company. This sheet is reproduced in the printed volume by photographing, the company's rates showing in printed, the commissioners' rates in written, characters. This showing is carried through the tariff for each distance from five miles up to four hundred, the latter being the longest distance within the state of North Dakota. This exhibit shows that the commissioners' rates do not reduce the company's rates for a few of the shortest distances,—five, ten, fifteen and twenty miles for example,—but for all distances except the few shortest and on all business the reductions are large. Take ninety miles, for instance, which the testimony shows to be about the average haul of local business in North Dakota: the grain rate is reduced from 11 cents per hundred to 8 1-2; the salt, cement and stucco rate from 12 cents per hundred to 10; the lumber rate from 10 1-2 cents per hundred to 10; the rate on horses and mules from \$35 per car to \$23 per car; the rate on cattle, hogs or sheep from \$30 a car to \$20.90 a car; first-class merchandise from 50 cents per hundred to 38; second class from 43 cents per hundred to 32; third class from 35 cents per hundred to 25; fourth class from 30 cents per hundred to 19; fifth class from 25 cents per hundred to 15; Class A from 20 cents per hundred to 15; Class B from 18 cents per hundred to 13; Class C from 15 cents per hundred to 11; Class D from 12 cents per hundred to 10; Class E from 10 cents per hundred to 8.

The reductions for 200 miles are as under:

	CARLOAD RATES					MERCHANDISE In cents per 100 lbs.					SPECIAL CARLOAD CLASSES In cents per 100 lbs.						
	Grain Flour Millstuffs Flaxseed Potatoes Straight or Mixed Carloads		Salt Cement Stucco	Lumber Lath and Shingles	Horses and Mules	Cattle Hogs or Sheep		1	2	3	4	Fifth Class	A	B	C	D	E
	Cents per 100 lbs.	Cents per 100 lbs.	Cents per 100 lbs.	Dollars per car	Dollars per car												
Company's rate.....	17	19	18½	47	42	74	63	52	44	37	30	26	22	19	15		
Commissioners' rate.....	12¼	15	15	35	29.45	60	50	40	30	24	24	21	18	15	12		

The reductions for 300 miles are as under:

Company's rate.....	22	23	21½	57	52	94	80	66	56	47	38	33	28	23	19
Commissioners' rate.....	16	19	19	42	38.95	75	63	50	38	30	30	26	23	19	15

The reductions for 400 miles are as under:

Company's rate.....	28	27	26½	67	62	114	97	80	68	57	46	40	34	27	22
Commissioners' rate.....	19	23	22	50	43.70	90	75	60	45	36	36	32	27	23	18

2. The company has a special tariff on live stock in car loads between eastern terminals and points in Minnesota and North Dakota. This is the tariff on which the live stock of the state is shipped out to market, or on which live stock is shipped into the state from the eastern terminals. It applies to carload shipments for long distances. Being an interstate tariff (as between North Dakota and eastern terminals), the commissioners had no power to change it directly, but the live stock tariff adopted by the commissioners for local business in North Dakota is considerably lower than this long distance interstate tariff. The comparison is shown in exhibit 31, volume 1, pp. 263 to 268. This exhibit, reproduced in the printed book by photography, shows the company's rate to and from each station in printed, and the commissioners' rate for the same distance locally in North Dakota in written, characters. In the margin Mr. Hannaford has made notations in writing showing how much the commissioners' rate is below that of the company. On the general average of all stations up to 400 miles the commissioners' rate is 10 1-4 per cent lower than that of the company on horses and mules and 4 8-10 per cent lower on cattle, hogs and sheep.

3. The company's tariff on grain, flaxseed, flour, mill stuffs, millet seed and potatoes in carloads between points in North Dakota and eastern terminals is shown in exhibit 32, volume 1, pp. 271-276. This also is an interstate tariff which the commissioners have no authority to affect directly, but they have adopted a tariff for the movement locally in North Dakota of the same articles materially lower than the said interstate tariff. The differences between the two are shown for distances up to 400 miles in the exhibit. Mr. Hannaford has placed on the printed tariff of the company opposite each station the commissioners' rate for similar distances locally in North Dakota. In the printed exhibit the company's rates show in printed, and the commissioners' proposed rates in written, characters. There is considerable reduction proposed for substantially every distance on the sheet.

4. The two tariffs last referred to, as well as the one now to be mentioned, are frequently called "terminal tariffs," which means that they are special tariffs lower than the distance tariff put in force to and from terminals where there is a large business, upon the principle that a carrier can afford to do business in car loads and train loads at a smaller rate than a sparse business moving in less than carloads and small packages. (Hannaford, vol. 1, p. 290; Clough, vol. 2, p. 18).

The so-called terminal tariff on merchandise from eastern terminals to all stations in Wisconsin, Minnesota and North Dakota ex-

ists upon this principle. It is printed as exhibit 33 in volume 1, pages 278-285. The commissioners propose to make a local tariff on merchandise in North Dakota, taking the place of the company's distance tariff, which is materially lower than the existing tariff on merchandise out of St. Paul, Minneapolis, Duluth and Superior to all points in Minnesota and North Dakota. In exhibit 33 the company's rate to each station up to 427 miles is given, and also the commissioners' rate for the same distance, the company's rate appearing in printed, and the commissioners' rate in written, characters. The reductions may be shown by taking a few examples. For 108 miles the reductions are as under:

On merchandise—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
First class	46	40
Second class	39	33
Third class	30	27
Fourth class	23	20

Special carload classes—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
Fifth class	18	16
Class A	18	16
Class B	16	14
Class C	14	12
Class D	12	10
Class E	9	8

For 142 miles the reductions are as under:

On merchandise—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
First class	54	47
Second class	46	39
Third class	35	31½
Fourth class	27	23½

Special carload classes—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
Fifth class	22	18½
Class A	22	18½
Class B	19	16½
Class C	16	14
Class D	14	12
Class E	11	9½

For 204 miles the reductions are as under:

On merchandise—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
First class	69	59
Second class	59	49
Third class	45	39½
Fourth class	35	29½

Special carload classes—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
Fifth class	28	23½
Class A	28	23½
Class B	24	20½
Class C	21	17½
Class D	17	15
Class E	14	12

For 320 miles the reductions are as under:

On merchandise—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
First class	90	76½
Second class	77	64
Third class	59	51
Fourth class	45	38½

Special carload classes—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
Fifth class	36	30½
Class A	36	30½
Class B	32	26½
Class C	27	23
Class D	22	19½
Class E	18	15½

For 344 miles the reductions are as under:

On merchandise—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
First class	95	79½
Second class	81	66½
Third class	62	53
Fourth class	48	40

Special carload classes—In cents per 100 lbs.—

	Company's Tariff.	Commissioners' Tariff.
Fifth class	38	31½
Class A	38	31½
Class B	33	27½
Class C	29	23½
Class D	24	20
Class E	19	16

Tables showing the reductions proposed, as applied to the tariffs of the Great Northern railway, are given by Mr. Clough. (Vol. 2, pp. 23, 24, 33-35, 37, 38).

On the same principle of the terminal tariffs out of St. Paul and Minneapolis, the plaintiff has special merchandise tariffs out of Fargo and Grand Forks to points in Minnesota and North Dakota named therein. These tariffs are made in consideration of the volume of business shipped by the merchandise jobbers in these two cities. They are practically the same as the terminal tariff from St. Paul and Minneapolis. (Hannaford, vol. 1, p. 277.) The commissioners' rates make reductions in these tariffs similar to those pointed out with respect to the terminal tariff from eastern terminals.

Mr. Hannaford introduced a table (exhibit 35), which he prepared, and which shows the general average of reductions proposed by the commissioners in percentages. He took each class or commodity at each distance named in the tariffs up to 400 miles. The reductions for different distances varying, he averaged the reductions for all distances given in the tariffs. This table is exhibit 35, vol. 1, p. 292. It shows the following average reductions for all distances up to 400 miles:

Up to this point, in speaking of reductions, we have referred, and the witnesses have referred, to a reduction in the tariff rate. It will be observed that this is not synonymous with reduction in revenue. For example, take a reduction in two classes of freight. One class is reduced ten per cent; the other class reduced fifty per cent. This does not mean necessarily a reduction of thirty per cent in revenue, for we do not know that an equal amount of tonnage is carried under each class, or an equal amount of revenue derived from each class. In the case supposed, if the bulk of the business was under class 2, which was reduced fifty per cent, we would have approximately a reduction of fifty per cent in gross revenue; but if the bulk of the business consisted of that class which was reduced only ten per cent, we would have substantially a reduction of ten per cent in gross revenue.

Therefore it is material to inquire what the local traffic in North Dakota consists of and under which of the foregoing classes it falls. The witnesses testified, and it is not disputed, that very little grain, very little salt, cement or stucco, very little lumber, lath or shingles, very few horses, mules, cattle, hogs or sheep are moved locally in North Dakota. Substantially all the grain of the state moves to eastern terminals, and this is also true of the horses, cattle, hogs and sheep. Lumber and timber are not produced in the state, and the movement of these articles is almost entirely interstate. Very little first or second class merchandise coming under special classes A, B, C, D and E moves locally in North Dakota. The business consists mostly of merchandise moved in the third fourth and fifth classes (Hannaford, vol. 1, pp. 293, 294; Kendrick, vol. 1, pp. 485, 567, 568.) The same statement is made by Mr. Clough in various places and connections in his testimony.

Turning to the table (exhibit 35), it is found that third, fourth and fifth class freight suffer notably large reductions at the hands of the commissioners. Third class freight is reduced on an average 21 per cent, fourth class freight 30 3-10 per cent, and fifth class freight 33 8-10 per cent.

It is capable of demonstration to a penny how much loss the proposed reductions would have inflicted during any specified time in the past. This is capable of being arrived at by taking every waybill of the carrier, analyzing and tabulating the kind of freight under it, and the points between which moved, taking the revenue which the company actually derived from each shipment, and computing the revenue which it would have derived had the proposed rates been in force. But this is a very tedious process, involving great labor and expense, the employment of numerous accountants for long length of time. When such result is obtained, it would

show the effect of such reductions in the special period of time considered, but would not prove with certainty that the effect would be exactly identical during a corresponding time in the future, because the proportion of tonnage under each class varies somewhat year by year or month by month.

To show the effect on actual revenue of the proposed reductions, and to test and verify the correctness of computations based simply on the face of the tariffs, Mr. Gray, the comptroller of the Northern Pacific company, had the whole business of the company for two months (April and October, 1896,) analyzed. This, as the court can readily see, was an enormous labor and a great expense, covering examination of every way bill of the company during those months. We would have been very glad to have done the same with the company's business for four years, but this would have taken an amount of time which the court could not permit the plaintiff to consume and an amount of expense wholly unreasonable. For the court will at once see that it takes about the same number of men the same time to go back over a month's business in this way which it required to do the current accounting of the same month. To go over the business in this way for four years would mean substantially the consumption of four years' time by the whole accounting force of the company. So the months of April and October were taken as a test. The witnesses say that they are fair months for that purpose, October being a large wheat month, April a month of smaller and different business. (Gray, vol. 1, pp. 198-200 and 103-109).

The reduction of gross income which would have been accomplished by the commissioners' tariffs upon the actual business of said two months was 22 3-100 per cent on freight and 15 94-100 per cent on passenger revenue. (See tables and testimony of Gray, vol. 1, pp. 98-109.) It should be stated in this connection that the proposed passenger tariff of the commissioners is three cents per mile, and the tariff of the company locally for one-way tickets is four cents per mile. Tables produced by Mr. Gray (vol. 1, pp. 99, 100, 104, 105, 108) apply the said percentages of reduction to the actual local business of the company for four fiscal years, 1894, 1895, 1896 and 1897. For the four years named the average gross local passenger revenue in North Dakota was \$181,763, and the average yearly decrease would be \$28,972. For the same years the average gross local freight revenue in North Dakota was \$113,494, and the average yearly decrease would have been \$24,997. The actual loss to the company on both classes of business for the four years would have been \$215,876. The same tables show what the loss to the company would have been applying the same percentages

of reduction to its purely local business in other states; namely, for the four years a loss in passenger revenue of \$802,728, and a loss in freight revenue of \$3,058,675.

The Great Northern Railway company took its actual business for January, February, April, July, October and November of the year 1896, and made the same kind of a computation. (Clough, vol. 2, pp. 373-378.) On the traffic of the Great Northern road the percentage of loss to result from the commissioners' schedules is different from that of the Northern Pacific, as might be expected, because the traffic of the Great Northern company consists of a larger proportion of low class freight, the traffic of the Northern Pacific company containing a larger proportion of merchandise. The court should bear in mind, as stated by Mr. Clough in his evidence, that a reduction of ten per cent in gross revenue is a loss to that amount in net revenue. It may be a loss of the entire net revenue, and in any event there is a much higher percentage of loss upon net revenue than gross. For example, suppose the gross revenue to be one dollar, and expenses of operation and taxes seventy cents. A cut of 10 per cent on gross revenue would be a cut of 33 1-3 per cent on net revenue, and a cut of 30 per cent on gross revenue would wipe out the entire net revenue.

EXHIBIT 6.—Reductions, Passenger Business.

V. R. L.

NORTHERN PACIFIC RAILWAY COMPANY.

Statement Showing Average Rates Received for Local and Interstate Passengers by States, for Fiscal Years 1894, 1895, 1896 and 1897.

	Average Local Rates Per Passenger Per Mile				Average Interstate Rates Per Passenger, Per Mile					
	1894	1895	1896	1897	Average for the 4 Years	1894	1895	1896	1897	Average for the 4 years
Wisconsin.....	.0234	.0272	.0283	.0289	.0275	.0210	.0272	.0212	.0188	.0219
Minnesota.....	.0257	.0271	.0263	.0246	.0249	.0202	.0241	.0206	.0181	.0207
North Dakota.....	.0254	.0253	.0249	.0206	.0228	.0199	.0220	.0224	.0223	.0215
Montana.....	.0462	.0294	.0410	.0404	.0413	.0197	.0230	.0239	.0277	.0235
Idaho.....	.0416	.0207	.0200	.0406	.0431	.0240	.0239	.0291	.0286	.0270
Washington.....	.0419	.0244	.0232	.0223	.0234	.0214	.0238	.0278	.0288	.0274
Oregon.....	.0296	.0242	.0253	.0230	.0239	.0211	.0206	.0242	.0299	.0290
Manitoba.....	.0224	.0218	.0237	.0238	.0230	.0223	.0231	.0230	.0274	.0265
All states.....	.0272	.0233	.0222	.0218	.0234	.0209	.0246	.0245	.0248	.0234

This table shows that the average rate per passenger per mile in North Dakota is slightly above the average rate received in Minnesota, below the average rate received in Montana and Idaho, and a little below the average rate received in Washington and Oregon. The rate received in North Dakota for the four years was 3.28 cents, and the rate received in all states for purely local business was 3.34 cents, while the average rate received in all states for interstate passengers was 2.34 cents.

EXHIBIT 7, PAGE 1.
V. R. L.
Statement Showing Passenger Business of the Northern Pacific Railroad for a Period of Four Years Ending June 30, 1897.

	Local Business		Total Local	Interstate Business	Total Passenger	Percentage Operating Expenses and Taxes to Earnings	Net Earnings
	In North Dakota	In Other States					
Passengers carried, 1894.	152,608	981,215	1,133,823	1,199,574	2,333,397	.....	.....
Passengers carried, 1895.	144,528	874,384	1,018,912	1,407,783	1,559,645	.....	.....
Passengers carried, 1896.	188,324	953,458	1,141,782	653,831	1,797,816	.....	.....
Passengers carried, 1897.	171,715	908,286	1,080,001	557,075	1,640,058	.....	.....
Passengers 1 mile, 1894.	4,383,223	32,406,403	36,878,626	124,162,994	161,041,620	.....	.....
Passengers 1 mile, 1895.	4,805,494	37,067,324	41,872,818	74,855,158	116,748,976	.....	.....
Passengers 1 mile, 1896.	6,890,117	40,511,112	47,401,229	87,843,188	135,286,417	.....	.....
Passengers 1 mile, 1897.	6,126,089	38,274,055	44,400,144	82,607,475	128,007,619	.....	.....
Passenger revenue, 1894.	\$ 156,219	\$ 1,215,412	\$ 1,371,631	\$ 2,598,140	\$ 3,969,771	74.19	\$ 1,022,275
Passenger revenue, 1895.	170,792	1,225,222	1,396,014	1,989,252	3,385,266	67.81	1,041,442
Passenger revenue, 1896.	212,606	1,313,008	1,525,614	2,154,489	3,680,103	63.44	1,346,446
Passenger revenue, 1897.	187,488	1,253,891	1,441,379	2,046,363	3,487,720	69.92	1,019,106
Total, 4 years.....	\$ 727,053	\$ 5,007,533	\$ 5,734,586	\$ 8,629,304	\$ 14,363,890	68.96	\$ 4,458,269

EXHIBIT 7, PAGE 2.

Applying the Rates Proposed by the North Dakota Railroad Commission to all Local Passenger Business,
The Result Would Be:

	Local Business		Total Local	Interstate Business	Total Passenger	Percentage Operating Exp's and Taxes to Earnings	Net Earnings
	In North Dakota	In Other States					
Passenger revenue, 1894.....	\$ 139,403	\$ 1,008,306	\$ 1,137,909	\$ 2,589,140	\$ 3,727,049	74.85	\$ 788,553
Passenger revenue, 1895.....	137,466	986,181	1,123,647	1,839,282	2,962,929	74.08	799,075
Passenger revenue, 1896.....	177,983	1,099,119	1,277,102	2,154,489	3,431,591	68.04	1,096,934
Passenger revenue, 1897.....	166,113	1,111,199	1,277,312	2,046,393	3,323,705	73.37	865,091
Total, 4 years.....	\$ 611,165	\$ 4,204,805	\$ 4,815,970	\$ 8,629,304	\$ 13,445,274	73.67	\$ 3,539,653
Decrease.....	\$ 115,998	\$ 802,728	\$ 918,616	None	\$ 918,616	.....	\$ 918,613
Decrease per cent.....	15.94	16.03	16.02	computed	6.40	.....	20.60
Average yearly decrease.....	\$ 28,972	\$ 200,682	\$ 229,654	.....	\$ 229,654	.....	\$ 229,654
Average yearly decrease, per cent.....	15.94	16.03	16.02	.....	6.40	.....	20.60

These reductions are obtained by taking the actual business of the company and applying the commissioners' rates, no revenue being reduced except such as was at the rate of over three cents a mile.

EXHIBIT 55.

V. R. L.

NORTHERN PACIFIC RAILWAY COMPANY.

Comparative Statement of Local Passengers Carried and Carried One Mile in States of Minnesota and North Dakota During Four Years Ending June 30, 1897.

Years	Passengers Carried				Passengers One Mile			
	Minnesota		North Dakota		Minnesota		North Dakota	
	Number	Per Mile	Number	Per Mile	Number	Per Mile	Number	Per Mile
1894	318,321	414	132,608	177	12,507,714	16,269	4,383,223	5,094
1895	271,868	354	144,528	168	12,192,733	15,859	4,306,494	5,386
1896	324,925	422	188,524	219	15,444,907	20,089	6,880,117	7,995
1897	293,455	382	174,715	203	13,602,436	17,693	6,126,089	7,119

This tabe shows that the local passenger business in Minnesota is nearly three times as great per mile as that of North Dakota. This presents a state of facts where the reasoning of Judge Brewer at the circuit in the Ames case (approved in the supreme court) is peculiarly applicable. Considering the relation of revenue in one state to revenue in other states, and the fairness and equality of the charge in North Dakota with reference to the other passenger charges, if the railroad commission of North Dakota can compel a reduction of 16 per cent in local passenger revenue in the state, it must be because the facts justify a general reduction of all plaintiff's passenger revenues to about the same extent, a reduction of about \$575,000 per year. Other testimony on passenger business will be found in the evidence of Mr. Kendrick (vol. 1. pp. 336-338, 530-531, 534-535).

VOLUME OF LOCAL BUSINESS IN NORTH DAKOTA AFFECTED BY THE REDUCTION.

It has already been stated to the court that the local passenger business of the Northern Pacific company in North Dakota amounted during the four years referred to to \$181,000 per annum, and the local freight business to \$113,000 per annum. These figures of themselves prove that no reduction which the North Dakota commissioners could make would in and of itself seriously cripple the Northern Pacific Railway company, or seriously lessen its revenue from all business; but that is not a material point in the case, as was decided by the supreme court in *Smyth v. Ames*. While on the other hand these figures demonstrate beyond question the sparseness and thinness of the local business in North Dakota, and suggest to the mind at once the necessarily high expense involved in handling such a business—a business which these figures alone demonstrate is a peddling parcel business, done in small lots, in packages, on short hauls, seldom in full car loads, necessitating high expenses in billing and handling, movement in partly loaded cars, on short hauls with largely increased train, station and terminal expense. These figures also show, without the aid of other testimony, that the business does not cover live stock, grain, lumber or ores, or in any considerable quantity, any of those products which move in large volume in full car loads and full train loads, and which therefore enable the carrier to handle them at a minimum of expense. The influence of these facts on net earnings will be more specifically referred to later.

NECESSARY RESULT OF THE PROPOSED REDUCTIONS ON
BUSINESS OTHER THAN THAT LOCAL TO
NORTH DAKOTA.

It has already been stated that the distance tariff of the plaintiff is the same in Wisconsin, Minnesota and North Dakota, applying to local business in those states as well as interstate business moving between the states, except as far as the business is covered by the terminal tariffs which have been stated. It appears that a considerable and substantial part of such business is done on the distance tariffs; that the business in Wisconsin and Minnesota (particularly in Minnesota) is much larger in volume, as those states are more populous than North Dakota. It has also been made to appear that the proposed reductions on local business in North Dakota carry the rates below any of the terminal interstate tariffs in force through the same territory; that the proposed merchandise rates are on local business in North Dakota below the terminal rates from St. Paul, Minneapolis and Duluth under which car loads and train loads of merchandise are moved for long distances; that the proposed live stock rates for movement of live stock locally in North Dakota are below the rates for long distances into St. Paul and Minneapolis under which cattle are moved in solid train loads; that the proposed rates on grain for movement locally in North Dakota are lower than the rates which apply to move the 50,000,000 bushels of North Dakota wheat shipped to eastern terminals in full car loads and mostly in full train loads.

It ought to be a self-evident proposition that none of these tariffs in Wisconsin or Minnesota locally, or applying to interstate business in those states, can be maintained if the proposed reductions are to become effective. The carrier could well justify higher local rates in North Dakota than it maintained in Minnesota, on the ground of volume of traffic, but it could never justify higher local rates in Minnesota than in North Dakota, and what is more important, it could never justify higher interstate rates upon the grain of Minnesota, North Dakota and South Dakota, on cattle, horses, hogs and sheep of those states, on the lumber, lath and shingles of Minnesota and Wisconsin, upon the merchandise shipped westward from eastern terminals, than it collects and receives on the peddling, small parcel, short haul business local to North Dakota in the same articles. And so the witnesses testified. (Hannaford, vol. 1, pp. 300-301; Clough, vol. 2, pp. 15-16).

Local rates west of North Dakota are higher than in that state. (Hannaford, vol. 1, pp. 299-300).

A table was introduced by Mr. Hannaford (exhibit 36, vol. 1, pp.

296-298), showing the actual cattle rates in the states of Iowa, Nebraska, Kansas, Wyoming, North Dakota, and the proposed rates of the commissioners. This table also shows the population of said states according to the last census. Iowa had a population in round figures of 2,000,000, Nebraska of 1,000,000, Kansas of 1,500,000, Wyoming of 60,000, and North Dakota of 182,000. The present rates of the Northern Pacific are substantially on a parity with those in Wyoming, Kansas and Nebraska. The commissioners' rates correspond for every distance with the rates in Iowa, except for the shorter distance, and for these the commissioners' rates are lower. It is evident that the commissioners' rates are copied with slight variations from the Iowa rates. The commissioners' proposition, therefore, is, to be put on an equality with the state of Iowa, which has over ten times the population of North Dakota, which has lower cattle rates than Minnesota, Nebraska, Kansas or Wyoming, and which, according to the last census, had 4,396,000 cattle as against 282,000 in North Dakota.

The commissioners ask to be put on a lower rate as to all kinds of freight tariffs than the state of Minnesota; a state which according to the last census had 1,302,000 population as against North Dakota's 182,000. They ask for the same passenger tariffs as that charged in Minnesota.

DENSITY OF TRAFFIC.

As bearing on the reasonableness of the commissioners' reduction, the evidence shows several significant facts in regard to the density of traffic in North Dakota as compared with other states where the same tariff or a higher one is charged; and the density of traffic, as will hereafter be shown, has a most important bearing on the cost of handling and moving it. Mr. Gray produces a statement, made from the books of the Northern Pacific Company, showing local freight tonnage in Minnesota, North Dakota and Montana for each of the fiscal years 1894, 1895, 1896 and 1897. (Exhibit 3, vol. 1, p. 88.) In Minnesota, for the four years, there were aggregate tons moved one mile 123,636,873, in North Dakota 20,463,306, in Montana 235,907,941. North Dakota local tonnage was therefore about one-sixth of that in Minnesota and about one-twelfth of that in Montana.

Exhibit 4, produced by the same witness (vol. 1, p. 91), shows the average number of tons of paying freight handled for train during the fiscal years 1896-97 in Wisconsin, Minnesota, North Dakota, Montana, Idaho and Washington. The table is as follows:

	1896	1897
Wisconsin	149.9	167.6
Minnesota	245.3	234.5
North Dakota	167.8	159.6
Montana	188.9	183.5
Idaho	135.1	136.0
Washington	182.4	175.1

This table includes all business, local or interstate, because it is not feasible to separate, most trains carrying both kinds of business. This table shows that the average train load in North Dakota is considerably smaller than in Minnesota, Montana or Washington.

The smallness of the North Dakota local business is strikingly illustrated in another way. For six months (July to December, 1896,) the total tonnage of local business in North Dakota was only 42.10 per cent of the total tonnage moved in that state. Tonnage originating in or delivered in the state was 63.9.10 per cent, and tonnage passing entirely through the state was 31.9.10 per cent.

Other tables (exhibits 13 and 14, vol. 1, pp. 145, 146,) were produced by Mr. Gray of tonnage, freight, car mileage and train mileage of the branches in North Dakota for the fiscal year ending June 30, 1895. These branches illustrate best the conditions under which local business is done, for they carry none of the tonnage moving entirely through the state, with this exception, that the D. & M. branch (so-called) is the through line to Manitoba. The tables are as follows:

1895

	Tons	Ton Miles	Train Miles	Car Miles	Average Carload	Average Train Load
D. & M., in Dakota.....	147,450	13,688,982	73,546	1,273,409	10.7	185.4
F. & B. H., in Dakota.....	33,531	1,204,406	19,014	102,708	11.8	61.4
S. E. Dakota Branch.....	8,329	81,008	1,606	7,070	11.3	50.4
F. & S. W. Branch.....	94,438	5,125,540	37,677	451,617	11.4	136.0
Jam. & Nor. Branch.....	63,946	3,930,331	32,610	334,884	11.5	120.8
N. P. & La Moure Branch.....	17,969	389,925	6,687	40,563	9.8	39.7
J. R. Valley Branch.....	34,824	1,171,352	18,654	129,680	9.0	62.8
Cooperstown Branch.....	44,417	1,359,317	15,347	100,402	13.6	88.5
	444,804	26,919,841	203,151	2,450,018	10.9	131.2

1896

	Tons	Ton Miles	Train Miles	Car Miles	Average Carload	Average Train Load
D. & M., in Dakota.....	221,280	18,807,077	76,991	1,457,744	11.2	244.3
F. & B. H., in Dakota.....	42,710	1,495,028	21,358	116,866	12.8	49.9
S. E. Dakota Branch.....	17,783	166,048	2,634	12,647	13.1	63.0
F. & S. W. Branch.....	106,892	5,674,833	36,840	488,331	11.6	154.5
Jam. & Nor. Branch.....	97,238	6,592,716	50,628	618,395	10.6	126.9
N. P. & La Moure Branch.....	19,371	394,316	7,690	39,729	9.2	47.4
J. R. Valley Branch.....	33,165	1,129,216	15,648	126,328	8.9	72.1
Cooperstown Branch.....	74,465	2,197,712	19,066	187,155	11.7	115.2
	614,894	36,428,946	231,155	3,447,965	10.6	137.5

Note the small average train load on these branches (except the line to Manitoba) as compared with the average train load of all lines (main and branch) in Minnesota or Montana.

Mr. Kendrick testified to a table (exhibit 37, vol. 1, p. 323) showing the average gross and net tons per train mile in each state. This table shows that the division of road called "Dakota and Missouri," which includes the line from Fargo to Glendive and all the North Dakota branches, had seventeen per cent less tons per train mile than the average for the entire road.

Mr. Kendrick also testified to the following statement, showing ton miles in North Dakota for October, November and December, 1897, of the different kinds of interstate freight in North Dakota and of local freight, which table well shows the scarcity and smallness of local traffic. The table is as follows (exhibit 45, vol. 1, p. 508):

	October	November	December
Originating in and carried out of state.....	9,065,350	7,950,424	2,569,857
Originating out of and carried into state.....	4,046,633	4,663,269	1,381,369
Passing through state.....	26,140,199	14,863,575	10,236,682
Originating and terminating in state.....	1,155,575	951,661	910,539
	40,406,757	24,528,923	15,098,047

See also tables, vol. 1, p. 530.

Mr. Kendrick also testified to a statement (exhibit 55, vol. 1, p. 535) of local passengers carried one mile in the states of Minnesota and North Dakota during the fiscal years 1894, 1895, 1896 and 1897. This statement shows that for the four years there were nearly three times as many passengers per mile carried locally in Minnesota as there were in North Dakota.

Mr. Kendrick also produced another statement (exhibit 56, vol. 1, p. 537) which compares the density of traffic on branches with the density of traffic on the main line, the increased traffic on the main line being due almost entirely to through business. This statement is as follows:

Statement of Average Net Tons Per Train, Main Line and Branches, Six Months Ending Dec. 31, 1897.

	Main Line	Branches
Minnesota division.....	367.9	151.3
Manitoba division.....	296.3	140.9
Dakota.....	303.0	138.0
Montana division.....	332.3	192.5
Rocky Mountain division.....	297.9	149.4
Idaho division.....	371.9	112.7
Pacific division.....	267.2	141.8

Mr. Clough's testimony (vol. 2, p. 25) shows that the local business in North Dakota on the Great Northern road for the years 1894, 1895, 1896 and 1897 was less than two per cent of the entire tonnage moved in that state, and that the local business of Minnesota is probably twenty times greater than that of North Dakota. On pages 379 to 388 of volume 2 will be found several tables prepared by Mr. Clough, showing and illustrating the smallness of the North Dakota local business. The statement on page 379 shows that in 1894 the local business of Minnesota was forty-four times as great as that of North Dakota, in 1895 it was about sixty times as great, in 1896 about seventy times as great, and in 1897 about forty times as great. The statement on page 380 concerning passenger business shows that in the year 1894 the local passenger business in Minnesota was about four times as great as that of North Dakota, and substantially the same condition is shown to have existed in 1895, 1896 and 1897. On page 381 Mr. Clough gives a statement covering the same four years, which shows among other things, the average cars per train on the branches in North Dakota. This average varies on different branches from six up to sixteen cars in the different years. On page 388 Mr. Clough gives a similar statement, showing the average number of freight cars hauled on each train on all lines of the system for the same years. This average is from twenty-five to twenty-seven. On page 384 is a table showing the average cars per train on the main line in North Dakota for the same years. This average varies from twenty-six to thirty. The showing made by the tables last referred to is, in short, not only that the local business in North Dakota is of very small volume, but that it is moved to a large extent in very small trains, and that full train loads cannot be secured. (See, also, on the subject of density of local traffic. Mr. Gray's evidence, vol. 1, pp. 113-114, 145-146; Mr. Kendrick's evidence, vol. 1, pp. 507-508, 529-530; Mr. Clough's evidence, vol. 2, pp. 25, 379-388).

The attorney general requested Mr. Gray to prepare statements of the gross earnings, operating expenses, taxes, etc., of the entire line for eight fiscal years ending June 30, 1897, and the same statement covering the same years for the line in North Dakota. The statements are opposite p. 26, vol. 2, and they show that the net earnings per mile of the plaintiff's system of roads were in each year considerably higher than the net earnings per mile of the lines in North Dakota.

AVERAGE HAUL OF LOCAL BUSINESS.

It is self-evident, and was testified to by several witnesses, that the length of haul has an important influence on the cost of transportation, and consequently upon the rate. It is a principle ap-

proved and enforced from the beginning by the interstate commerce commission, that the rate per mile should decrease with the length of the haul. I take it there are two main reasons for this. First, that what may be called terminal expense—the cost of loading, unloading, billing, handling and making up into trains—is the same, regardless of the length of the haul; the same on a car moving five miles that it is on a car moving one thousand miles. Second, what the traffic will bear is always a factor in making rates, and if lower rates than the average were not given on long hauls the wheat and cattle of North Dakota could not be moved, farming could not exist in the state, nor anywhere in the Mississippi valley. This principle of rate-making enables the farmer of Illinois to compete in the markets of the world with the farmer of New York. The table before referred to (exhibit 3, vol. 1, p. 88) shows, that, for the years 1894, 1895, 1896 and 1897, the average haul of local freight in North Dakota on the Northern Pacific lines was eighty-four miles. The average haul of all interstate business on the system for the same four years was 579 4-10 miles (Vol. 1, pp. 143-144; Mr. Kendrick's evidence, vol. 1, p. 325.) Mr. Clough testified to the same condition of things on the Great Northern lines.

THE COST OF TRANSPORTATION IN ITS RELATION TO
EARNINGS IS DOUBLE OR TREBLE UPON LOCAL BUSI-
NESS OF THE CHARACTER DESCRIBED WHAT IT IS ON
THE AVERAGE OF ALL THE BUSINESS OF THE SYSTEM.

As preliminary it should be explained that operating expenses of a railroad consist of two principal items: (a) cost of maintenance of the plant (b) cost of conducting transportation. It is obvious that the cost of maintenance of a plant is approximately constant, regardless of the amount of traffic. The sun, rain, frost and snow, rust and decay, operate constantly upon a railroad and its equipment. Rails wear out, ties rot, the grade washes, whether the traffic is light or heavy. Heavy traffic increases slightly the wear on rails and machinery, but it is approximately true that maintenance of structures and equipment is constant regardless of the amount of traffic. On the other hand, cost of conducting transportation is approximate in proportion to the number of trains moved. The main items of this cost are fuel and material consumed and wages paid to labor. It is also a well-settled principle of railroading that this expense increases and diminishes with the train miles; that is, it costs as much to run a train with ten cars lightly loaded as it costs to run a train with forty cars fully loaded, and to this the witnesses all agree.

Mr. Gray testified that the Northern Pacific system, as upon all railroads generally, the cost of conducting transportation is about one-half the total of operating expense. (Vol. 1, pp. 78-79.) Mr. Clough testified to substantially the same thing.

The relation of operating expenses to earnings depends, therefore, largely on the volume or density of traffic. The cost of carrying a ton of freight is analagous to the cost of raising a bushel of wheat. The cost of wheat depends on the amount of the yield. It costs approximately the same to raise an acre of wheat whether the yield be ten bushels or twenty-five. Hardly a train is started upon any railroad that is not capable of hauling a much larger load than can be gotten to be hauled at that particular time and place. A train perfectly capable of hauling a thousand tons does not carry on the average more than one-third of that amount. But the same items of expense are involved in carrying the partly loaded train as would be involved in carrying the fully loaded train. If there are one thousand tons among which to divide the expense, the proportion of expense to be charged against each ton would be one-tenth of what it would be if the train could obtain only one hundred tons to carry. The larger the volume of business, therefore, the smaller the amount of cost that has to be borne by each ton.

North Dakota is a country of sparse population, of thin traffic, and is therefore an expensive country in which to carry on transportation. It is also a treeless country, and does not produce coal or iron for railroad use. The cost of fuel and of all materials is higher than in Minnesota, for example.

Again, as we have shown, the local business in North Dakota moves in small shipments and is bulky in proportion to weight. Mr. Clough says (vol. 2, p. 26) that this class of traffic is three or four times as expensive to handle as heavy stuff moving in full carloads. The car of wheat, for example, which is loaded and unloaded by consignor and consignee does not involve so much expense to the carrier in terminal service, billing, weighing, handling, as a box of merchandise. Besides in handling the smaller kinds of merchandise in way-freight trains, the cars move with small tonnage in them, seldom so much as a quarter of their full capacity; and it costs as much to haul a car with a quarter load, or empty, as it does to haul it with a full load.

These facts are testified to and put in various forms by the different witnesses. They are reasonable in and of themselves, and the testimony of the plaintiff's witnesses is absolutely uncontradicted by any evidence in the case.

On this important subject we may be permitted to quote freely from the testimony of the witnesses.

Mr. Kendrick says (vol.) 1, p. 322-330):

Q. State, Mr. Kendrick, from your knowledge of the subject, and knowledge of the company's business, how the cost of operation in North Dakota compares with the cost in other states? A. For reasons which I have before stated, it is difficult to make a division of earnings or expenses of the systems as between states. About fifty per cent of the cost of operating a road is comprised under the head of "Conducting Transportation," which includes the cost of station service, engine service, train service, and contingencies,—such as superintendence and various minor expenses not properly classified under other heads. The cost per unit of conducting transportation, say per ton hauled one mile, will vary substantially with the capacity of the engines; that is, if an engine in one case haul 300 tons and in another 100 tons, the cost for transportation in the first instance is one-third as much as in the other. This company has for some time kept a record of the performance of its engines upon the main lines and various branches. Attached is a statement showing train miles—(statement marked exhibit 37 for identification)—gross ton miles, net ton miles, average tons per train mile, both gross and net, for six months ending December 31, 1897, upon each one of the divisions of the main line.

Q. You are speaking of the paper marked exhibit 37? A. Yes, sir.

Main Line Statistics, Six Months Ending Dec. 31, 1897.

Division	Train Miles	Gross Ton Miles	Net Ton Miles	Average Tons Per Train Mile	
				Gross	Net
Lake Superior.....	218,071*	195,906,861	100,549,910	898.4	479.4
Manitoba.....	145,673	92,214,408	43,152,987	638.2	296.3
Minnesota.....	479,033	393,919,574	176,205,521	822.3	367.9
Dakota & Missouri.....	580,862	384,548,872	180,130,917	662.0	*275.6
Yellowstone.....	209,782	154,234,369	67,214,628	754.2	320.4
Montana.....	277,530	214,322,555	92,231,969	772.2	332.3
Rocky Mountain.....	324,194	229,969,970	96,531,717	709.4	297.9
Idaho.....	475,777	369,821,058	176,960,217	777.3	371.9
Pacific.....	332,019	201,014,890	95,359,405	605.4	267.2
Totals.....	3,042,940	2,239,985,587	1,008,337,271	736.1	331.4

Answer: This period is more favorable to the Dakota lines than an average of twelve months would be, or a similar statement for the first six months of the calendar year, for the reason that within this period the grain movement occurs. The statement shows that the net tons per train mile, upon the Dakota division, within this

period, were less than upon any other division, within this period, were less than upon any other division of the road, and less than the average net tons per train mile hauled upon any division.

Q. The Dakota division includes what, Mr. Kendrick? A. The Dakota division includes,—I should say the Dakota and Missouri divisions; they are combined,—comprise the main line between Fargo and Glendive, or the western boundary of Dakota.

Q. And all of the North Dakota branches? A. That statement is confined to the main line.

Q. Go on. A. The term "Net Tons per Train Mile," means the number of tons of freight carried per train mile. This indicates that conducting transportation is more expensive in North Dakota than in other states. The balance of the expense of operation is made up of maintenance and general expenses. The cost of maintenance in North Dakota will be about the same as that upon other portions of the road. The district west of the Missouri river is subject to considerable damage by floods, and the intense cold and great snow fall in the state contribute to increase the cost of maintenance and to offset the disadvantage due to slightly higher wages paid for labor in the more western states.

Q. The statement you have been speaking of is confined to the statistics of the main line? A. Yes, sir.

Q. How do the branch lines in North Dakota compare with those of the system with respect to the amount of business hauled? A. For the six months ending Dec. 31, 1897, the average number of tons of freight per month per mile of road was, on all the branches of this system, except Dakota, 43,729; for Dakota, 36,540. The period is favorable to North Dakota, because the principal movement of grain occurs in October, November and December.

Q. Why would it be more favorable? A. Because of the fall movement of grain in North Dakota, which occurs in October, November and December.

Q. Does that constitute the large bulk of tonnage on these North Dakota branches? A. It does.

Q. Mr. Kendrick, does it cost more or less to transport local business than through business, and why?

Answer: It costs more to transport local business. For six months, ending Dec. 31, 1897, the average net tons per train mile on the branch lines in North Dakota were 138, for the same period the average net tons per train mile on the main line in North Dakota were 303. I maintain that the cost of conducting transportation is approximately proportionate to the tonnage hauled. This would indicate that the cost of handling local business is about 2.2 times that of handling through business. The period considered is

very favorable to the state of North Dakota, because within it the grain movement occurs, and if the tonnage for the entire year were taken, or for the first six months of the calendar year, the disparity between the cost of handling through and local business would be much greater. During the months of October, November and December the cost of operating the branch lines will compare very favorably with that of the main line. This comparison of the branch with the main line affords the best possible comparison between the cost of performing business local to the state of North Dakota and a through, or interstate business; because if the main line were deprived of the through, or interstate, business, the density of the traffic would be about the same as upon the branch lines. The engines generally used upon the main lines are what are known as moguls, those used on the branches are, as a rule, eight-wheel standard, and though they are light, it is found impracticable to load them to more than about one-half their capacity, except during the short period when the grain is moving. For the month of December, 1897, the average net tons per train mile on the main line of the Dakota division were 399; on the branch from Jamestown to Leeds, 92.3 Fargo to Edgeley and LaMoure, 160.1; Sanborn to Cooperstown, 67.1; Jamestown to LaMoure, 76.3; and on the Missouri division (the greater portion of which is in the state of North Dakota), 290.2. The business of the branch lines in North Dakota is not profitable, and the service rendered is that which is required by the communities rather than by the business offered. Thus, the distinctively local service in North Dakota consists of a way-freight six days in the week, between Fargo and Jamestown; a freight train, daily except Sunday, between Wahpeton and Milnor; a daily freight between Grand Forks and Pembina; a mixed train, except Sundays, between Fargo and Edgeley; a mixed train, daily except Sunday, between Sanborn and Cooperstown; tri-weekly mixed train between Jamestown and Oakes, Jamestown and Leeds, and Jamestown and Sykeston. As I have stated, the engines upon the branches are only loaded, as a rule, to one-half of their capacity. It is obvious that you might perfectly well run one-half as many trains, but it would not be satisfactory to the people. The cost of handling local business as defined, must, in comparison with the through business, so far as the state of North Dakota is concerned, be charged with the expense of loading and unloading, and the greater expense of train service, due to the greater number of stops, the incident greater consumption of fuel, the incident wear and tear and consequent repairs to equipment; also, the slight difference in the increased wages paid to crews by reason of over-time, or consecutive mileage. Therefore, the claim that the

cost of the local business bears the same relation to the cost of the through tonnage hauled by local trains bears to the tonnage hauled by through trains is very liberal.

Q. Mr. Kendrick, what, in your judgment, is the relation between operating expenses to earnings of the lines in North Dakota, having reference to the business, interstate and local, which is transported upon them, and the operating expenses and earnings of the same lines with respect to local business alone; that is, to put it in another form: How much more does it cost, with relation to earnings to do local business than it does through business?

Answer: I have already stated that the expense of conducting transportation constitutes about fifty per cent of the operating expenses of a railroad. For the roads of the United States, as a whole, it is somewhere more than fifty per cent; upon the Northern Pacific it is sometimes more and sometimes a little less. The operating expenses of the system may be considered as sixty per cent of the gross earnings. For the year ending June 30, 1897, they were 61.28 per cent. I have contended that the business of the branch lines afford a fair illustration of the nature and extent of the business that would be transacted by that portion of our system within the state of North Dakota, if it were engaged in a strictly local business. This is an exceedingly—supposition, for the reason that the tonnage of the branch lines—which I have used in arriving at this conclusion—includes a great deal of business originating at points upon these lines and destined to points outside of the state and vice versa, which is not practicable for me to separate. If this were excluded the tonnage transported over the branch lines would be only the strictly local, and the number of net tons hauled per train mile would be quite insignificant. I have shown that for the six months ending Dec. 31, 1897, the cost of conducting transportation upon the branch lines was about 2.2 times that of conducting business upon the main line; from which I conclude that the cost of transporting a purely local business would be about twice as much as that of the through, or interstate, business. The cost of conducting local transportation would therefore amount to sixty per cent of the gross earnings, and as the general and maintenance expenses amount to thirty per cent the total cost of operation for local business alone would amount to ninety per cent of the gross earnings. I am of the opinion that the cost of performing local business would amount to from two and one-half to three times the cost of performing an interstate business, from which it would appear that the lines in North Dakota could not be operated with respect to local business except at a loss.

Q. What do you say, Mr. Kendrick, of the grades of the Northern Pacific railroad in North Dakota, as compared with the grades in other states, with the respect to the cost of operating over them?

A. The grades from Fargo to Jamestown are favorable since they were revised two years ago. The grades from Jamestown to Mandan are not favorable, and those from Mandan to the western boundary of the state are exceedingly unfavorable; in fact, what is known as the Missouri division is the most difficult division to operate, economically, upon the road, except the Pacific.

Q. What about the branch lines of North Dakota? A. The branch lines in North Dakota are for the most part, constructed upon grades of one per cent, or fifty-three feet per mile, and the operation is necessarily expensive because the trainload (at times when we can obtain a trainload) is limited by the grades.

Q. Take the North Dakota lines, as a whole. How do the grades compare with the Minnesota lines as to economy of operation? A. The Minnesota lines are rather more favorable.

Q. Are the North Dakota lines any cheaper to operate than Minnesota lines? A. The branches?

Q. Take the lines as a whole, speaking now in particular reference to the grade—length of trains that can be moved? A. No. The lines in North Dakota cannot be more economically operated than the lines in any other state, with the exception of Washington — about the same, I judge, by the loads we haul per train.

Mr. Gray says (vol. 1, pp. 79-81, 112-117):

Q. Does the relation of operating expenses to earnings depend in any measure upon the volume of traffic done over the road, and if so, explain why? A. It does depend to a very large extent, for the reason that many of the operating expenses, particularly the expenses known as conducting transportation, are fixed—practically fixed; for instance, we employ station agents at certain salaries, and we pay them that salary whether much business is done or little. The average station force remains very much the same whether the volume of business during the year be great or small. It is the same way with regard to trains. We have to run certain trains according to law and to accommodate the people along the line. A locomotive starts out and has to be of such capacity as to do the maximum business, but it may only receive the minimum; so as to the cars and other equipment. The expenses for engineers and firemen are the same. The expenses for conductors and brakemen are the same whether there are only a few tons or a full trainload.

Q. Is it affected by the question whether you have few or numerous trains over the road? A. Of course, it would be affected

by it if those trains are run there because the accommodation of the public requires, or because the law requires it. If a fewer number of trains are capable of doing the business, of course the relative expense is very much higher—you have to run an unnecessary number of trains to handle the business.

Q. What I mean is this: Whether it makes any difference in the relation of operating expenses to earnings that you have a road filled to its full capacity with loaded trains, or only, for instance, to one-third or one-half its capacity? A. It does make a decided difference.

Q. Can you show so the court would understand it, how and why it makes a difference? A. Well, the question of volume that I have already referred to comes in there; if there are many trains—if there is a large business on the road, requiring many trains to handle it—then the station service, for instance, is utilized to its full capacity; if there is only a small business, you have to have the station to begin with, then the expenses of the station are practically the same.

Q. And how does your expenses for maintenance of way and tracks compare with the amount of business? A. Maintenance of way would be somewhat increased by heavy business.

Q. But is it increased in proportion to the business? A. It is not.

Q. Now, in transporting local traffic, Mr. Gray,—that is, traffic begun in a state like North Dakota, where the conditions are such as they are there, the volume of traffic such as it is there—is the percentage of expense to earnings greater than handling through traffic, or rather upon the traffic of the Northern Pacific system as a whole? A. It is.

Q. Why? A. For the reason that many of the expenses of conducting transportation are much greater per unit of local traffic than they are of total traffic or interstate traffic. Take, for instance, the item of station service, which would cover the salaries of agents and clerks and telegraph operators and of supplies used at stations; and at some stations switch engines and so on; the business, the freight business—the tonnage handled over the road is of three classes; there is business going out of the state into other states having a terminal at one end, and freight coming out of other states into the state, having terminal at one end. There is another class of business on the Northern Pacific that comes into the state at one end and goes out of the state at the other with practically no station expenses whatever. Then the third class is of purely a local business.

Q. Assuming that local business is done to a large extent in

less than carload lots, does that make a difference with the expense? A. That is a matter I was about to speak of. I think it would be found that the purely local business is principally less than carload lots; that is, it is merchandise, freight and furniture and such items that pass from one station to another and involve more labor in handling and care, more trouble and expense in checking, tallying and way-billing, and expenses at both ends, than business that is done in carload lots.

Q. Is there any difference in the time of running—one hundred miles, for instance—with a way train and a through train? A. Necessarily so; the time of stoppages at stations to receive and deliver freight.

Q. Does that involve any additional pay to trainmen? A. Train crews often have to be paid overtime on account of delays at stations.

Q. Now, with reference to that kind of business, and the distinction between that kind of business and local business, why do you say that the operating expenses charged in your statement, exhibit 10, are not the proper operating expenses to be charged against the local business?

Answer: Because the cost of conducting transportation of local business—that is, business originating in and terminating within the state—is necessarily much higher than the cost of conducting transportation of business that is interstate.

Q. Why is it higher? A. It is higher, in the first place, because the cost for station service is much more. A very considerable percentage of the total business in the state of North Dakota passes through from the state of Minnesota to Montana, or from Montana to Minnesota, passing through the state of North Dakota, giving earnings to the state, on which there is no terminal expense.

Q. What percentage of the business in North Dakota is of that character, if you are able to state? A. I have a statement based on six months' work, which would show.

Q. From the actual business? A. From the actual business. It is based on the total business, local and interstate—the total tons of freight, local and interstate, handled in the state of North Dakota for the six months—from July to December, 1896. It shows that the total local tonnage, having two terminal charges, one forwarding and one receiving, in the state, was 33,533 tons, or four and two-tenths per cent.

Q. Four and two-tenths per cent of what? A. Of the total tonnage handled during the period—all kinds, interstate and local. The total tonnage requiring one terminal expense—that is, ton-

nage either received into the state, or going out from the state—was 511,885 tons, or 63.9 per cent of the business. The total tonnage that passed through the state from other states, and to other states, but having no terminal within the state, was 255,585 tons, or 31.9 per cent.

Q. Was this particular six months taken at random? A. Taken haphazard.

Q. A fair average of the business done by them, in your judgment?

Answer: In my judgment, it was a fair showing.

Q. What six months was it? From July to December, 1896.

Q. That would include the months during which the wheat crop of North Dakota moved? A. Yes.

Q. Now, continue, and state why you assert that more operating expenses should be charged against this local business than is shown in this report? A. In view of the fact that a very small percentage of the tonnage moved in this state has to be handled at both ends, the station services per unit is necessarily very much higher for local business than it is for interstate business. Carrying it further to other items of conducting transportation: The item of fuel used by locomotives is a very large percentage of the total operating expenses; so is the cost of labor for engineers and firemen, for conductors and brakemen; and these expenses are necessarily much higher per unit for local business than they are for interstate business, or for the average of all business, for the reason that interstate business is usually made up of fully loaded trains, trains that run long distances, usually made up of loaded cars that require very little work at stations and at terminal points, and such trains can oftentimes be made up approximately to the maximum capacity of the motive power—that is, it can be figured out how much a locomotive can haul, and the number of cars, and the load of those cars can be apportioned in many cases to interstate business. This cannot be done in the case of local business within the state. Trains must be run for local business, whether the business is light or heavy. Oftentimes a number of empty cars have to be hauled in such trains; oftentimes the cars are not loaded anywhere near their full capacity. There are delays at stations while cars are being loaded and unloaded, and all the time the fuel is being consumed. Oftentimes trainmen have to be paid overtime on account of the delays incident to local traffic.

Q. How much would the station service be increased, with respect to this local business, compared to interstate business, in North Dakota?

Answer: Of course, to state with any accuracy would be impos-

sible; but the result of my study of the subject is that it is more than double per unit of local business as compared with the average of all business or of the interstate business.

Q. By per unit you mean per ton? A. Per ton, yes; or per passenger.

Q. Mr. Gray, you stated yesterday that the operating expenses as reported with respect to North Dakota did not contain all the charges which were probably incident to doing the business in that state. Now, with respect to local business in North Dakota, Mr. Gray, state how much, in your opinion, the operating expenses should be increased, pertaining to that business, above the average of said business shown in the report?

Answer: In my opinion, the expense of conducting transportation should be doubled, in considering the cost of doing the local business.

Q. I think you testified yesterday to a proportion of the whole operating expenses which the cost of transportation bore? A. At some time I stated that, in round numbers, the cost of conducting transportation will approximate fifty per cent of the total operating expenses, exclusive of taxes.

Q. You mean that that is true simply for particular years, or on particular roads, or is it a true general statement? A. I think that is a fair general average. Of course, as I said, it may vary sometimes with different roads; sometimes it varies with different years and different conditions. For instance, if there was a large amount of work being done in the maintenance of the track, and a large amount of expense to the track, it would have the effect of reducing for the time being the per cent of expense of transportation; but taking one year with another, I do not think the cost of conducting transportation would vary but very little from fifty per cent of the operating expenses.

Q. Exclusive of taxes? A. Exclusive of taxes.

Q. Have you prepared any tables, Mr. Gray, on the basis of an increased charge to local business in North Dakota for operating expenses, above the charges shown in the report? A. I have prepared a series of tables showing, for freight and passengers separately, what the result would be of doubling the station services alone in connection with the local business; and also, a series of tables showing what it would be to double the station services, and add to it the freight on heavy materials brought into the state during the four years that have been in evidence here, in accordance with the statement submitted and exhibited yesterday.

Q. Do you mean to say, Mr. Gray, you think those station expenses ought to be doubled? A. I have not the slightest doubt of it.

Q. Do you think that doubling them includes all the increase that should be made? A. I do not.

Mr. Scott, the general manager of the Chicago, St. Paul, Minneapolis & Omaha Railway Company, says (vol. 1, pp. 538-540):

Q. Mr. Scott, in your judgment as a railroad man, does it cost more or less, in proportion to the earnings, or in proportion to the tonnage of the traffic, to handle local business than it costs to handle through business? A. My experience has been that it costs a good deal more—

Answer: Much more expensive to handle local business than it is to handle through business.

Q. Can you state how much more expensive, approximately?

A. I could, approximately; I have not the exact data to work it out definitely;—approximately, I should say, costs from two to three times more to handle local business than it does through business.

Q. I suppose in your answer, to make it clear, Mr. Scott, you have in mind the cost of conducting transportation? A. Yes, sir.

Q. Will you give your reasons for saying that it costs that much more to handle local than through business?

Answer: In the lines of road that I have been officially connected with we find that our cars in local business are light-loaded,—that we have to organize to do that business with the same expense that we do a through business. Our schedule of prices with the different labor organizations are mandatory upon us, and we have to pay locomotive men—trainmen—just as much to handle a train with a light load as we do with a heavy load. We have to invest in power practically the same amount,—costs just as much to house the power, take care of it, as it does if it handled through business; the only difference there is a very slight one in the fuel expense,—costs a little more in the heavy trains,—heavy tonnage,—and but little more comparatively. Again, I should say that our local business, which is in and out of the car at different stations,—car never heavily loaded;—sometimes we haul a car with half a ton,—less than that; our experience is on our branch lines, especially in Nebraska and South Dakota, where we have to run two trains a day each way to accommodate the people,—say they want the service;—we hardly ever haul over fifty to sixty tons in any of those trains; sometimes it runs as low as twenty-five or thirty tons, even lower than that.

Q. What is the ordinary capacity of an engine? A. Well, our engines in the same territory would be good for 500 tons.

Mr. Underwood, general manager of the Minneapolis, St. Paul & Sault Ste. Marie road, says (vol. 1, pp. 551-553):

Q. Mr. Underwood, in your opinion, does it cost more or less in proportion to the earnings, or in proportion to the tonnage, to handle local business than through business?

Answer: The figures that we make show that it costs more to handle local freight than it does through freight.

Q. And state, if you can, approximately, how much more it costs, in your opinion.

Answer: We figure it a little in excess of double.

Q. Is that correct, in your judgment?

Answer: Natural result worked out by the figures.

Q. Give your reasons, Mr. Underwood, for any increased cost?

A. It is hard to give the reasons without being tedious. For example, a box from Fargo to Jamestown, North Dakota, on which the revenue of the railroad company would be twelve cents; it is billed; it is put into a car at Fargo; taken off at Jamestown, and there is precisely the same operation in the billing and handling by the men as if it was a carload of freight instead of a box. With through freight you have an absence of station services, and the men employed to maintain your stations,—handle your freight; and you are freed from the liability of warehousing and underwriting it. You are spared the expense, practically of the freight claims of your road,—lost freight departments, which are wholly employed in looking up local shipments of freight. It is very seldom a carload of freight goes astray; always the integral part of it. You go back,—if you will allow me to go back to my box at Fargo: You have paid men at stations to handle it; you have paid men at stations to load it; you have paid train men to unload it; you have paid men in wages many times over more than you got for the transportation of freight; so you have practically transported it for nothing, and paid a royalty for the privilege.

Q. Is there any reason or point in the proposition that Mr. Scott mentioned in regard to the engines and trains being loaded in local business to only a portion of their capacity? A. Oh, yes.

Q. State your views about that. A. Where a freight train starts from a terminal point with a full load, with a load up to its capacity, its cars fastened and organized, hauling them through over a freight division, handing them to a connection intact;—that is my idea of through freight business. Now, with the same engine, the day following, starting out with twenty cars, throwing way freight into them at every station,—at several stations,—picking up several cars, moving them from one station to the other, switching them; at the conclusion of the first day's journey the engine will have earned a stated sum of money, which can be expressed by the earnings represented by the way-bills of the twenty

cars. At the conclusion of the second day's journey, which is precisely the same in point of miles, and at the same expense, except the arbitrary expense of coal, and it might not have earned enough to pay the wages of the crew, accruing from the handling of all this stuff.

Mr. Truesdale, general manager of the Rock Island & Pacific road, says (vol. 2, pp. 114-118):

Q. Mr. Truesdale, have you ever considered the relation that local traffic bears to through traffic, in the matter of its expense in proportion to the earnings derived from each? A. Yes, sir; I have had occasion very frequently in the course of my railroad experience to give that question consideration.

Q. Which is the more extensive in its operations, local traffic or through traffic, in proportion to the earnings derived therefrom?

Answer: Without question the handling of local traffic is much more expensive than the handling of what is generally known as through traffic.

Q. What proportion do they bear to each other in expenses, as compared with the revenues derived from each?

Answer: It is not easy to state accurately what proportion the expense of transacting local business bears to the transaction of through business. I think, considered generally,—I mayself believe that the cost of doing local business is from two or three times as great as the transaction of through traffic.

Q. Mr. Truesdale, you have, during the twenty-eight years that you have been connected with railway service been in almost constant contact with railway officers and men engaged in railway business, have you not? A. Yes, sir; I have.

Q. Have you frequently heard discussions among railway men upon this subject of the relation of through business and local business?

Answer: Yes, sir; I have.

Q. Do you know the opinions held by railway operators on the relation of through to local business in the matter of expenses, as compared with earnings, and if so, state what the general opinion is?

Answer: I have heard such opinions expressed very frequently in discussing railway matters with railway men of experience, and I don't think I ever heard any substantial difference in opinion as to the expense of transacting local business being materially greater than handling through business.

Q. Is it not often estimated by competent experts that the expense is often four or five times greater instead of two or three

times, as you have given it? A. Opinions vary; some of them cost as high as you have stated.

Q. Mr. Truesdale, why does local business cost more to conduct than through business, in proportion to the revenues derived from it?

Answer: Transportation of freight or passengers can be secured only when it is possible for a railway company to load its engines to the capacity they can haul and move such loads over the entire length of their respective lines. This is not possible in handling what is generally classed as local business. As a rule, the train has to be run from one-third to one-half lighter than the engine can haul, as the trainload is, as a rule, picked up or disposed of from station to station, as is frequently the case. When they start a local train from the terminus of a division with approximately a full load, by the time it has got to the end of that division it has distributed all its freight, there may be nothing but a single car with a few hundred pounds of freight left. Or, returning, start the same way with a small train of a few hundred pounds, average up what it hauls it is substantially no more than one-half a train, probably not more than one-third. Of course, the expense of switching about stations and handling local business is greater than freight on a through train that went right through all stations without stopping or switching. There are more or less personal injuries, due in a very large percentage of them to handling of freight and switching about local points, and in numerous ways. The expense of handling that particular part of the railroad business is much greater than in handling through business in trains that only stop for coal and water between the division termini. There is some additional expense always in the matter of the paying of wages to engine trainmen. As a rule, on local trains, so-called, men are paid about ten per cent more than on through trains. So if you figure it all up, and take the unit of traffic which it runs for one mile, and the cost for transacting local business is easily two or three times as great as the through traffic.

Q. Is there any appreciable difference in the expense for fuel in running a local train and in running a through train, when all the elements connected with the two kinds of service are considered? A. It costs more per ton hauled a mile for fuel in handling local freight than it will per ton per mile in handling through freight,—probably the cost per through train mile when an engine is loaded down with its full train would be more for a through train than a local train, going 100 miles. With a local train and half a load you would probably burn more coal than a through train that

has its full load. A local train makes stops and performs switching, and consumes much longer time in making the trip of 100 miles.

Mr. Harris, vice president of the Chicago, Burlington & Northern road, says (vol. 2, pp. 138-141):

Q. Have you, during the time you have been engaged in the railway business, had occasion to consider the question of the relative expense, compared with earnings, of conducting local and through business? A. Yes, I have paid attention to that, as well as many other subjects.

Q. How do they compare?

Answer: I think the local business is much more expensive, always.

Q. Mr. Harris, in your opinion, how much more expensive is local business than through business, in proportion to the revenues derived?

Answer: I have no doubt that the local business costs at least three times as much as the through business to conduct, when all the elements are taken into consideration,—the loading, the practicability of loading, and the revenue derived from the business.

Q. Mr. Harris, state why it costs more in proportion to the earnings to conduct local than it does to conduct through business?

Answer: The expense of running local trains is greater, because, in the first place as a rule, a pretty universal rule, the wages are greater, the engines are unable to haul all their rating, owing to the necessity of picking up and setting out loads here and there. The wear and tear on frogs, switches and rails at stations is greater at stations than on the main line. As one item of that greater expense, which is pretty universally recognized,—we are forced to recognize it in our contracts with rolling mills for steel,—as a rule, the rolling mills refuse to guarantee rails laid at stations longer than five years—for no time at all; they give no guarantee on them at all; whereas they do guarantee other rails for five years.

Q. Why do they not guarantee them at stations?

Answer: Well, for the reason that engines and trains switching and shifting about, there is a great deal more wear than where they are simply passing over them.

Q. In what respect is the conducting of through business cheaper, and why is it cheaper, in proportion to the earnings of through business to local?

Answer: Well, the through trains, as a rule, are able to take their loads and run through with them, making only such stops as are necessary to meet and pass other trains on the road, whereas the local trains, taking a greater time, the wear and tear is greater,

more cars as a rule are injured and broken up in the local service than through service, the risk of casualties to employes and property is greater, and the revenues derived from the service is, as a rule, much less.

Q. The tonnage is less, also, is it not? A. The tonnage is very much less, and the revenues derived are usually less.

Q. Assuming that the operating expenses of the entire system of the Chicago, Milwaukee & St. Paul Railway are between sixty and sixty-one per cent, would you say, from your knowledge of the operation of railways, that that was a fair and reasonable showing, or proportion of the cost to the earnings?

A. I should not suppose that the St. Paul could be operated for any less than sixty per cent of its earnings, and the road fairly well maintained.

Q. Assuming that its operating expenses as a system, including all of its traffic, through business and all, amount to between sixty and sixty-one per cent, would its operating expenses on purely local business be greater or less than that?

Answer: I should say it would undoubtedly be very much larger.

Q. From your experience in the railway business, would you consider it an invariable rule that operating expenses for local business is larger than operating expenses for through business, or for the entire business of the system?

Answer: I think there is no question but that the expenses of the local business are very much larger in proportion.

Mr. Earling, second vice president of the Chicago, Milwaukee & St. Paul Railway, says (vol 2, pp. 158-161):

Q. Have you ever had occasion to consider the relation that the conducting of through business bears to the conducting of local business, in respect to the expense as compared with the earnings?

Answer: I am constantly watching and looking after that part of the business, to see, first, that all locomotives passing over the road engaged in freight service are loaded as near to their capacity as the volume of traffic on the different lines will permit, because only in that way, by loading your engines to their capacity, can you operate a road at the minimum of cost. Wherever you run a train over the road light,—where the engine is only loaded partly to its capacity,—you are not operating as economically as you would if the engine were loaded to its full capacity, because your expenses for wages are precisely the same. It is no more with a full train than it is with a light train. It costs but little more for fuel to haul a full train over the road than it does to haul a light train over the road; therefore, it is the constant endeavor of

the officers of the road,—that is, engaged in the transportation department,—to see that trains are loaded to their capacity, that the engines are loaded to their capacity, where the volume of traffic is such that it can be done. We have a great many lines where the volume of traffic is very light, but still we are required to run trains.—run at least one train a day; some lines only three times a week; but even then the number of cars or the number of tons of freight per train is so far below the number of tons in a train where business is heavier that the operating expense is very much larger in proportion to the earnings than it is on lines where there is a heavier traffic.

Q. Are you able to give an estimate of the difference in the expense of conducting local and through business in proportion to the earnings received?

Answer: Yes, sir. I will first take lines upon which there is only a local business done, and I will assume that the local business—that the business of such line is—the volume—is fair. In that case it would cost at least twice as much to do a local business as it would to do a through business. On lines, however, such as we have in North Dakota, where the volume of business is very light, there it would cost from four to five times as much as it would to do a through business.

Q. In proportion to the earnings? A. Yes, sir; in proportion to the earnings. The reason is this: There is not enough traffic on those lines to load the locomotive to its capacity, even after it has passed over the whole line and arrives at its destination—the volume is so light that there is not enough to fill the train. In starting out, we will assume from Fargo to Ortonville: a train starts out from Fargo with perhaps one or two cars, and by the time it reaches the end of its run, which is Ortonville, it probably has picked up enough freight to constitute one-half a load for that locomotive. Hence the train has passed over the road with a tonnage equivalent to not more than twenty-five per cent of a full load. For nine months of the year it would pass over the road with a tonnage equal to not more than fifteen per cent of a full load; therefore you have hauled only twenty to twenty-five per cent of a full load, and for that reason it costs you from four to five times as much as it would have cost if you had had a full load all the way, as you do in conducting through business, and which expense, in proportion to the earnings, has been four or five times as great as it would have been if you had had a full train from start to finish.

Q. Mr. Earling, I wish you would define local business and through business, as you have used the terms in your answer. A. By local business I mean that which is picked up and set out, and

where you do not have full trains of full traffic upon which you have a long haul. By through business I mean trains where the locomotives are loaded to their full capacity from the time they start—from their starting point—to the ends of their runs.

Mr. Clough, vice president of the Great Northern Railway, says (vol. 2, pp. 10-14, 26-32, 403-408):

Q. Does the relation of operating expenses to earnings depend upon the volume of traffic; if so, why?

Answer: Yes; the relation of operating expense to earnings depends entirely upon the volume of traffic. The cost of maintaining the road and structures and the running of trains is practically the same whether the trains go with half loads or with full loads. The cost of carrying a ton of freight is precisely like the cost of raising a bushel of wheat. Everything depends upon the amount of the yield. It costs the same to raise an acre of wheat whether the yield be ten bushels or twenty-five. The ground must be plowed and harrowed, the seed must be put in, the grain must be reaped and threshed, regardless of what showing is made by the half bushel at the end of the work. If the yield is only fifteen bushels per acre, the cost of raising the grain per bushel is exactly twice what it would be if the yield were thirty bushels. Everything depends on the amount of the yield as to the cost per bushel. So in railroading. Hardly a train is started upon any railroad in this country that is not capable of hauling a much larger load than can be gotten to haul at that particular time and out of that particular place. A train perfectly capable of hauling 1,000 tons hardly averages more than one-third or one-half that amount. But the same items of expense are involved in carrying the train over the road and in providing the road for it to run over, whether the load in the train be 100 tons or 1,000 tons. If there were 1,000 tons among which to divide the train expenses the proportion to each ton would be only one-tenth of what it would be if only 100 tons could be found to haul in that train. This is a perfect and true illustration of the relation of the volume of business to what are called operating expenses. The larger the volume the more units there are among which to divide the cost of doing the business, which is in proportion to the number of trains run, and not in proportion to the number of tons hauled in the trains. The larger the tonnage of the road,—which means the volume of business,—the smaller the amount of cost that has to be borne by each ton, in just the same way as the larger the number of bushels of wheat grown on an acre of ground the smaller the share of expense of raising that has to be charged against each bushel of grain. What is true of the items of outlay usually classed as operating expenses

is still more strictly true in regard to what are called capital charges. These charges represent a cost of furnishing the implements for doing the business; that is to say, the railroad and its equipment. Providing these instrumentalities is the first part of the work of the railroad carrier, and the basis of all his services rendered in doing the job. But the cost of these instrumentalities is almost exactly the same whether the number of tons offered for the performance of his services be small or great. Whether the number of tons carried over the road per year be 1,000,000 or 10,000,000, the cost to the carrier of furnishing the instrumentalities is just the same. In the one case, however, this cost would have to rest on the 1,000,000 tons, while in the other case there would have been ten times as many tons to share the burden. In this respect, again, all business of the railroad company is exactly like that of the farmer. Before the farmer can put in his crop his acre of ground must be found; also, his implements and animals for tilling it. The cost of furnishing these things is just as much a part of the cost of raising a crop of wheat as the plowing, the seeding, or the threshing bill. But the amount of this cost per bushel of grain depends wholly on the number of bushels which the land produces. I take it, that the reason why oats, corn and barley are always much lower in price than wheat is not because wheat is necessarily a nobler work of nature than the others, but merely because it is a crop which turns out fewer bushels to the acre. If all four of these grains on the average turned out the same number of pounds of yield for an equal area cultivated, I apprehend the price of all would be practically uniform.

Q. In transporting local traffic in North Dakota, is the percentage of expenses to earnings greater than in handling through traffic or greater than upon the traffic of the system; if so, how much greater, and why?

Answer: North Dakota is a country of sparse population, very thinly scattered over its surface. This requires a good many miles of railroad in proportion to the number of inhabitants for doing the carrying business of the state. It is a region of comparatively thin traffic, and consequently one in which railroads will always be able to handle with their roads and with their equipment several times the amount of traffic that the country will afford. The units for sharing the cost of providing the road and its equipment and of carrying on the business will always be comparatively small, and consequently the proportion that each will have to bear will necessarily be comparatively large. On account of thinness of traffic, even if there were no other reasons, North Dakota is an expensive country in which to carry on a transportation business.

But there are other conditions adding to the relative cost of this kind of business, and which will likely be of a permanent character. Among these may be mentioned the fact that it is a treeless country, and unprovided with fuel supplies of a class fit for use in railroad operation. It produces neither metal nor wood, and consequently all materials for construction and operation will always have to be carried in from a long distance and from other parts of the country and at considerable expense. The cost of fuel in North Dakota, suitable for burning in locomotive engines, will undoubtedly be twice or three times that of the State of Illinois, for instance, and even greater than in the State of Minnesota, as Minnesota is closer to the main sources of coal supply than North Dakota. All wood materials going into construction and operation in North Dakota will always be high priced for similar reasons. Another permanent condition largely adding to the expense of handling business in North Dakota is the climate. It would be unnecessary to go into details upon the fact of this condition. Cold weather and storms not only interfere with business, but make trains very much more difficult and expensive to haul, even when they are able to run. Taking all conditions surrounding railway business in North Dakota, it is one of the most expensive regions in the whole country for carrying on a railway business.

Q. Give the train service in North Dakota in which freight traffic strictly local is handled; state how the business is done?

Answer: The strictly local traffic in North Dakota is hauled in several different kinds of freight trains. West of Rugby Junction there is but one scheduled each way a day; namely Nos. 15 and 16, which are used almost entirely for time freight, going to and from Montana and Pacific coast points. East of Rugby Junction local freight trains are run on all parts of the system, and the great bulk of the traffic strictly local to North Dakota is moved in these local trains.

Q. Under the actual expense incident to handling and transporting local traffic in North Dakota, what, if anything, has been the net earnings during the years named?

Answer There is a feature of the local business in North Dakota which raises the cost of handling it to much above the average. This feature is that most of the business is merchandise, very bulky in proportion to its weight, and moving in small shipments at one time. Taking weight for weight, this class of traffic is three or four times as expensive to handle as heavy stuff moving in full carloads. The trouble to the company of handling a box weighing fifty pounds is more than for a whole carload of grain or lumber which is loaded and unloaded by the shipper himself. The cost of

billing and passing through the accounts and other general services on the part of the company required for the proper care of the two shipments, is practically the same. Besides, in handling this small stuff, the cars hauling it mostly move with a very small tonnage in them; hardly ever as much as a quarter of their full capacity, and it costs practically as much to haul a car with a quarter load or even entirely empty, as to haul it with a full load.

The following tables give a fair showing of what the local traffic in North Dakota amounts to, taken by itself. The branch lines for which the figures are given lie in parts of the state fully as well developed as the average. The figures show what the traffic on most of the mileage in the state would be without the through traffic that runs entirely across. It is the through traffic that gives the main lines in the state the busy appearance they have. These figures show the operating expenses for hauling any given number of tons on the branch lines, where traffic is necessarily local, run from two to three times that of hauling the same number of tons the same distance on the main lines. This is because the through tonnage more than doubles the average train load, where that kind of tonnage moves. It is due to the coming upon the lines of this through tonnage that the companies have been able to put their charges for all kinds of traffic down to the present standard. Should the through traffic be withdrawn, and the lines in Minnesota and Dakota be forced to rely on the business coming from those states alone, all the rates in those states would have to go up more than fifty per cent immediately.

TABLE SHOWING RESULTS OF OPERATION OF G. N.
BRANCH LINES IN STATE OF NORTH DAKOTA FOR
YEAR 1897.

ABERDEEN AND ELLENDALE LINES.

Total length in miles.	168.32
Miles in North Dakota.	105.59
Number of ton miles hauled during year.	4,969,976
Number of passenger miles during year.	343,964
Average number ton miles per mile of road.	29,527
Average number passenger miles per mile of road.	2,043
Average number of tons hauled per freight train.	111.78

BOTTINEAU BRANCH.

Total length in miles (all in North Dakota).	38.66
Number of ton miles hauled during year	1,581,286

Number of passenger miles during year.....	135,007
Average number ton miles per mile of road.....	40,951
Average passenger miles per mile of road.....	3,490
Average number of tons hauled per freight train.....	123.45

LANGDON BRANCH.

Total length in miles (all in North Dakota.....)	94.04
Number of ton miles hauled during year.....	7,804,102
Number of passenger miles during year.....	1,086,138
Average number ton miles per mile of road.....	83,020
Average number passenger miles per mile of road.....	11,550
Average number of tons hauled per freight train.....	172.91

CANDO BRANCH.

Total length of miles (all in North Dakota.....)	55.21
Number of ton miles hauled during year.....	1,863,605
Number of passenger miles during year.....	184,653
Average number ton miles hauled per mile of road.....	33,740
Average passenger miles hauled per mile of road.....	3,340
Average number of tons hauled per freight train.....	107.59

**TABLE SHOWING TOTAL REVENUE TON MILES HAULED
TOTAL REVENUE PASSENGER MILES HAULED, NUM-
BER OF SAME HAULED PER MILE OF ROAD, AND
AVERAGE NUMBER OF TONS HAULED PER FREIGHT
TRAIN, ON ST. PAUL, MINNEAPOLIS AND MANITOBA
LEASED LINES, AS A SYSTEM, AND BY DIVISIONS.
FOR YEAR ENDING JUNE 30, 1897.**

Total length in miles.....	3,806.13
Total ton miles.....	1,154,693,357
Total passenger miles.....	82,635,145
Average ton miles per mile of road.....	303,377
Average passenger miles per mile of road.....	21,711

**BY OPERATING DIVISIONS—TON MILES.
DIVISION.**

	Number of Tons Moved One Mile	Tons Moved One Mile Averaged for Each Mile of Road
Fergus Falls.....	364,408,907	638,451
Montana.....	207,778,957	369,109
Willmar.....	54,400,104	324,061

Kalispell.....	109,255,859	215,299
Dakota.....	166,108,500	271,730
Cascade.....	60,783,505	170,062
Northern.....	116,284,478	191,132
Breckenridge.....	75,673,047	180,178

BY OPERATING DIVISIONS—PASSENGER MILES.
DIVISION.

	Number of Passengers Moved One Mile	Passengers Moved One Mile Averaged for each Mile of Road
Willmar.....	11,656,114	69,435
Fergus Falls.....	21,256,533	37,242
Northern.....	13,551,690	22,274
Montana.....	9,932,973	17,645
Dakota.....	9,564,456	15,646
Cascade.....	4,446,506	12,440
Kalispell.....	6,592,280	12,991
Breckenridge.....	5,634,593	13,416

DIVISION.

	Tons Hauled per Freight Train. Average Number of
Fergus Falls.....	351.55
Willmar.....	286.12
Breckenridge.....	227.70
Northern.....	286.32
Dakota.....	251.88
Montana.....	222.14
Kalispell.....	192.82
Cascade.....	238.27

Under the rates which the companies have put in most of the local traffic of North Dakota had moved. Very little of the stuff handled has companies would have been better off if none of it had been moved. Very little of the stuff handled has been the product of the state itself. It has been stuff shipped from the outside and then reshipped by local shippers. It would have reached the consumers anyway, and the roads would have handled it. It would have gone to destination directly from the eastern distributing or producing point. The roads would not have gotten quite as much money for the work, but the cost of doing it would not have been nearly so much. The difference in earnings would have been more than offset by the decreased cost of transportation. It could have been put into cars going from eastern terminals straight through to

destination, and in that way a good deal of work and expense would have been saved; also, the cars could have been loaded with bigger average loads.

The companies have been handling the local business in North Dakota at rates that have put the traffic upon a basis of something done for the accommodation of a neighborhood rather than for the profit that is in it. Almost every class of business has features of that kind, but I think the western railroads have more of them than their fair share. The local tariffs in North Dakota have undoubtedly done indirect good to the companies by facilitating the growth of local commercial business in the state, but the companies could not justify these tariffs as charges yielding their proper share of the total income necessary to the life of the roads. The local business in North Dakota has, all the time, really moved at the expense of the through shipper. The latter has also been paying a large part of the fares of the local travelers on passenger trains in that state. The cost per passenger of running these trains has mostly exceeded the revenue from them.

As stated before, the items of operating expense, grouped under the head of "Conducting Transportation," make up about fifty-five per cent of the total operating expense. Assuming that the total operating expenses are fifty-five per cent of the gross earnings, then conducting transportation costs fifty-five per cent of fifty-five per cent of the gross earnings, or thirty and one-quarter per cent of the gross earnings. The remaining items of operating expense together cost about twenty-four and three-quarters per cent of the gross earnings. Any class of traffic, such as the local business in North Dakota, which trebles the average cost of conducting transportation, would consume ninety per cent of the earnings for that one class of operating expense. The other classes of expense are not less for the local business than for through business. For some of them, and especially for maintenance of track, they are relatively greater, because wear of rails is in proportion to the number of trains run, and, relatively, three or four times as many trains would have to be run for the local business than are now needed for moving a like number of tons of all kinds of traffic, through and local, as the same comes on to the road. Assuming, however, that the operating expense, other than conducting transportation, is the same on all classes of traffic, it would only need an increase of two and one-half times in the average cost of conducting transportation to bring that one item up to seventy-five per cent of the gross earnings, and thus take all the earnings for operating expenses.

I think it would be perfectly right to say that this is what act-

nally takes place with reference to most local traffic in North Dakota. In respect to most of it the relative cost of conducting transportation likely costs at least three times what it does for moving the like weight of general traffic in the state.

Q. Why are the gross earnings from the local traffic in North Dakota greater per ton per mile than from the average traffic on the system? Explain fully. A. That comes from two reasons: Firstly, it comes from the shortness of the haul. The average haul of all freight on the Great Northern system is 350 miles on each shipment, and the average rate per ton per mile which appears in our reports is the earning that is made on an average haul of 350 miles.

Q. Of all classes of traffic? A. Of all classes of traffic. The average haul on local freight in North Dakota is almost exactly sixty-one miles, and the table which I referred to a little while ago, giving rates per ton per mile upon various tariffs for sixty miles and 350 miles was made for the purpose of illustrating one of the reasons why the earnings per ton per mile on the local traffic in North Dakota are so large. Under the commissioners' tariff, as stated before, for 350 miles, which represents the average haul of all shipments on the Great Northern road, the earnings allowed are less than one-half what they would be on the same kind of a shipment for sixty miles,—the average haul of the local traffic in the State of North Dakota. The shortness of the haul considerably more than doubles the earnings on the local business in the State of North Dakota, of itself, and I produce that table, which was made for the purpose of illustrating the fact:

	60 Miles cents	350 Miles cents
Commissioners' tariff, first-class merchandise.....	10.4	4.6
Company's tariff, from eastern terminals, first-class merchandise....	10.1	5.6
Company's tariff, from eastern terminals, fifth-class merchandise....	3.3	2.6
Company's tariff, from eastern terminal, Class E merchandise....	2.	1.
Company's tariff, on all terminals on grain.....	2.6	.8
Company's tariff, to eastern terminals, live cattle.....	3.	1.1

Another reason for the high earnings per ton per mile on this local traffic is the high grade of the articles carried. What is carried is almost entirely merchandise moving under the first four classes, as shown by the tables and recapitulation of the same that have already been introduced (witness referring to Exhibits B and C). For instance: In the total business covered by those tables,

of 20,828,150 pounds carried, 12,552,320 pounds consisted of merchandise moving under the first four merchandise class rates. The earning on this merchandise formed \$33,933.33, out of a total of \$41,961.67. The large bulk of the business of the Great Northern system resulting in earnings of a little over a cent per ton per mile on the average, both in respect to tons moved and earnings from them, consists in low grade stuff, moving on a rate that would not average over one-fourth or a third of the earnings per ton per mile allowed by the first four merchandise class rates. The difference in the earnings per ton per mile on these different classes of rates is also illustrated by the table to which I have referred, and which constitutes a part of my testimony. This table shows that the terminal tariff on first class merchandise earns nearly five times as much as the company's tariff on grain and stock moving into eastern terminals for like distances. It is from the combined effect of the two causes mentioned, viz., the average length of the haul on local business in North Dakota is only about one-sixth of the average length of the haul of all traffic on the Great Northern system. and the other fact, that the local business in North Dakota is almost all high-class merchandise business, that the earnings per ton per mile are so much above the average earnings per ton per mile on all traffic of the Great Northern system. I have not with me the reports to the commissioners of North Dakota and other states, showing the quantities of the different classes of traffic moved by the Great Northern road, but from recollection I will state as an approximate fact,—that can be corrected if I am wrong by referring to the reports themselves,—that the articles forming those carried under the merchandise class rates are not, either in number of tons or in earnings on the Great Northern system as a whole, to exceed one-eighth part of the total traffic, whereas on the local business in North Dakota they are more than three-fourths.

Q. Bearing in mind the tables which you have verified, showing the trains and tonnage in trains on the branches and upon the main line, assuming that the cost of operation to earnings is fifty-five per cent on the whole system, what will be the relation of cost to earnings upon the traffic in North Dakota, thus handled?

Answer: The cost of moving the local traffic in North Dakota, of all kinds, can't be less than two or three times the average cost of moving all traffic on the system. This is so for the reason as stated in my examination in chief, that the unit of expense is the train mile, regardless of the quantity of tonnage moved in the train, and that necessarily the local business is done in a method by which not to exceed one-half a train load between division points can be moved at once.

Q. In speaking of local traffic, for the purpose of determining the relative cost of earnings to expense, do you limit local traffic to that beginning and ending in the state, or that beginning in the state and running to a division point? Explain. A. By local traffic in the connection named I mean all traffic that is either picked up or dropped between engine division points, regardless of its origin or destination.

Q. What do you mean by engine division points? A. I mean by engine division points, points where engines are changed and trains are made up for the purpose of being moved forward to the next division point.

Q. Are such trains called through trains, as distinguished from this local? A. They may be through or not,—there are many; through trains move from one engine division point to the other, and the engines are changed there, and they are supposed to take out full loads. The through trains, and in fact all trains out of division points, if they can get full loads take them; but the trains that are in the business of picking up and distributing between division points can't do that,—they can't average between the division points where the picking up process or distributing process goes on, over half a load; it is physically impossible.

Q. When you say the cost relative to earnings is two or three times as much on account of local business, is it nearer three than two?

Answer: I think so, for this reason: That the total number of tons able to be hauled between division points in trains engaged in picking up and distributing freight, cannot exceed half an average load, and in addition to that so much billing and so much clerical work is required upon the small shipments that are handled by train of that character in excess of what is required for the average business.

Q. In the estimate of two or three times as much cost on account of this local traffic, have you taken into account anything more than the average cost of conducting transportation, or is there anything for maintenance to be added? A. I should take into account practically the entire operating expense, because in reality the wear on rolling stock and also on the track itself is in proportion to the number of wheels run over it,—number of trains,—of engines and cars. And the wear and tear upon the rolling stock and track is practically the same whether the load in the car is a full one or a partial one, and on the track the same. So that there would be no practicable way of establishing any difference of cost of maintenance of equipment and of the track for half loaded trains and full loaded trains, and where trains move with half a

load of course it takes just twice as many trains to move the freight, and twice as much car and engine mileage; exactly twice as much wear and tear for the movement of the same number of tons the same number of ton miles.

Counsel for the commissioners will endeavor to break the force of this testimony by showing that higher rates are charged for the local business in North Dakota than are charged for the general average on the system. The good reason for this is well explained by Mr. Clough (vol. 2, pp. 403-409; also 104, 394-396; by Mr. Gray, vol. 1, pp. 178, 179, 182). The first reason is the shortness of the haul, it being, as we have stated, a principle that short haul freight is charged a higher rate than long. The second reason is the high grade of articles carried. The local business, as we have shown, does not comprise grain, live stock, lumber, ore, salt, cement, stucco, nor any of that large mass of bulky commodities which go to make up the main business of a railway. It consists almost entirely of merchandise, and merchandise, as we have shown, moving in less than car-load lots, which kind of freight justly and customarily is charged the highest rates, much higher than the average rate of a system.

The testimony of the witnesses on this subject applies equally to a certain small percentage of the interstate freight. It applies, in short, to any merchandise business done in less than car-load lots and picked up here and there from station to station and hauled necessarily in less than full trains. As Mr. Clough and other witnesses say, it applies to this class of freight which is picked up and distributed on an engine division, and of course applies to interstate freight which falls within this description. But the decisive point is that the large bulk of interstate freight consists of heavy articles and merchandise moved in car loads, largely in train loads.

Considering that the Percentage of Operating Expenses to Earnings is Considerably Higher as Shown Upon Local Business than Upon the Average Business of the System, It Is Provable to a Moral Certainty that the Proposed Reductions Would Decrease the Revenue Derived from Such Local Business to Below the Expense of Transacting It.

It is proven that for the entire system of the Northern Pacific Railway the percentage of operating expenses and taxes to gross earnings were as follows in the years named:

Year ending June 30, 1894.....	74.19 per cent.
Year ending June 30, 1895.....	67.81 per cent.

Year ending June 30, 1896.... 63.44 per cent.
 Year ending June 30, 1897.... 69.92 per cent.
 (Exhibit 2, vol. 1, p. 85).

Segregating the business of the company done in North Dakota, as the company has done in its reports to the state railroad commission, the operating expenses and taxes in that state have for the four years named been the percentages below stated of the earnings in the state on all business, state and interstate:

Year ending June 30, 1894	74.04
Year ending June 30, 1895	65.51
Year ending June 30, 1896	61.77
Year ending June 30, 1897	76.20

For the four years operating expenses and taxes on the whole system have been an average of 68.61 per cent of the gross revenue, and for the state of North Dakota the same average percentage has been 70.36.

It is not very material which percentage is taken in any computations which may be made. The court should note that these figures include taxes, while in ordinary railroad accounting and in the reports to state commissioners and to the interstate commerce commission on the corresponding percentages contain only operating expense and not taxes, taxes being separately stated. These figures mean that for the four years referred to the company has expended out of every dollar earned 68.61 cents and has received net 31.39 cents. 45.78 per cent of the 68.61 cents expended has been for cost of transportation. (Gray, vol. 1, p. 78-79.) Transportation has cost during the four years 31.41 cents on every dollar earned. If the cost of transportation involved in doing the local business of North Dakota is double the average in proportion to earnings (as the uncontradicted evidence shows it to be), this 31.41 cents must be added to the 68.61 cents to ascertain what it costs the company to earn a dollar on the local business. This produces \$1.0002 which the Northern Pacific Company is paying for every dollar earned on its local business in North Dakota. This is substantially the actual present condition, as it is thought to exist by the men who had given the most study and thought to the subject, by men like Messrs. Kendrick, Clough, Earling, Harris, Truesdale, Scott and Underwood. The testimony of these witnesses corresponds with the evidence in the case of *Smith v. Ames*, and with the conclusions of the Supreme Court upon that testimony. (See pp. 528-534.) Indeed this case is a stronger and clearer one than *Smith v. Ames*, because in *Smith v. Ames* the court took for its computations the very low figure of ten per cent increase in the relation

of expenses to earnings, that being the estimate of Mr. Dillworth, the witness for the state, while in this case there is no conflict in the testimony, and as low an increase as can be taken on the testimony here is to double the cost of transportation. And if that cost be doubled it appears that the company is earning no money from the North Dakota local business even on its present rates. The present rates are shown to be no more than barely remunerative, furnishing nothing to the payment of interest and fixed charges. The whole reduction therefore is shown to be an appropriation from the property of the carrier.

Taking one dollar earned as a basis, applying the proposed reductions and tabulating the results for the four years the showing would be as under:

Years	Cost by Percentage of all Business	Extra Cost of Local Business	Total Cost of Local Business	Earnings as Reduced	Loss
1894	74.19	31.41	105.60	77.97	27.63
1895	87.81	31.41	99.22	77.97	21.25
1896	63.44	31.41	94.85	77.97	16.88
1897	89.92	31.41	101.33	77.97	23.36

Or if the very small extra cost of local business (10 per cent) be taken, the result for the four years taken together would be as follows:

Cost by Percentage of all Business	Extra Cost of Local Business	Total Cost of Local Business	Earnings as Reduced	Loss
68.61	.10	78.61	77.97	.64

Mr. Gray prepared two tables (Exhibits 27 and 28, vol. 1, p. 248-249), in which he carried the matter one step further. He assumed that (as decided by Judge Brewer at the circuit in the Ames case) each item of traffic ought to pay its proportion of reasonable fixed charges. Mr. Gray assumed a reasonable fixed

charge of \$6,000,000 per annum, which is, in round figures, the amount of interest which the Northern Pacific Company is compelled to pay on bonds. To pay this interest every dollar earned should in 1894 have contributed 35.79 cents; in 1895, 33.99 cents; in 1896, 29.93 cents; in 1897, 32.50 cents. The tables referred to are as follows:

EXHIBIT 27.

V. R. L.

FREIGHT.

Statement Showing Deficiency in Local Freight Earnings in North Dakota for Fiscal Years Ending June 30, 1894 to 1897, Respectively, on Basis of Doubling the Cost of Transportation in State and for the Whole Road, Subject to Estimated Fixed Charges of \$6,000,000 Per Annum.

ON BASIS OF OPERATING EXPENSES AND TAXES IN ROAD.

Year Ending June 30th	Cost by Percentage of all Business in State	Doubling Cost of Transportation	Total Cost of Local Business	Earnings as Reduced by Commis-sioners	Loss	Gain	Percentage Estimated Fixed Charges \$6,000,000	Deficit
1894.....	79.04	35.60	114.64	77.98	36.66	.....	35.79	72.45
1895.....	65.51	32.83	98.34	77.98	20.36	.....	33.99	54.35
1896.....	61.77	29.69	90.66	77.98	12.68	.....	29.93	42.81
1897.....	76.30	31.71	107.91	77.98	29.93	.....	32.50	62.43

ON BASIS OF OPERATING EXPENSES AND TAXES, WHOLE ROAD.

Year Ending June 30th	Cost by Percentage of all Business	Doubling Cost of Transportation	Total Cost of Local Business	Earnings as Reduced by Commis-sioners	Loss	Gain	Percentage Estimated Fixed Charges \$6,000,000	Deficit
1894.....	74.19	35.26	109.45	77.98	31.47	.....	35.79	67.26
1895.....	67.81	34.54	102.35	77.98	24.37	.....	33.99	58.36
1896.....	63.44	30.56	94.00	77.98	16.02	.....	29.93	45.97
1897.....	69.92	31.03	100.95	77.98	22.97	.....	32.50	55.47

EXHIBIT 28.

V. R. L.

PASSENGER.

Statement Showing Deficiency in Local Passenger Earnings in North Dakota for Fiscal Years Ending June 30, 1894 to 1897, Respectively, on Basis of Doubling the Cost of Transportation in State and for the Whole Road, Subject to Estimated Fixed Charges of \$6,000,000 Per Annum.

ON BASIS OF OPERATING EXPENSES AND TAXES IN STATE.

Year Ending June 30th	Cost by Percentage of all Business in State	Doubling Cost of Transportation	Total Cost of Local Business	Earnings as Reduced by Commiss- sioners	Loss	Gain	Percentage Estimated Fixed Charges \$6,000,000	Deficit
1894.....	79.04	35.60	114.64	82.96	31.68	.....	33.79	67.47
1895.....	65.51	32.83	98.34	80.49	17.85	.....	33.99	51.84
1896.....	61.77	29.09	90.86	83.71	7.15	.....	29.93	37.08
1897.....	76.20	31.71	107.91	88.62	19.29	.....	32.50	51.79

ON BASIS OF OPERATING EXPENSES AND TAXES, WHOLE ROAD.

Year Ending June 30th	Cost by Percentage of all Business	Doubling Cost of Transportation	Total Cost of Local Business	Earnings as Reduced by Commiss- sioners	Loss	Gain	Percentage Estimated Fixed Charges \$6,000,000	Deficit
1894.....	74.19	35.26	108.45	82.96	26.49	.....	35.79	62.28
1895.....	67.81	34.54	102.35	80.39	21.96	.....	33.99	35.85
1896.....	63.44	30.56	94.00	83.71	10.29	.....	29.93	40.22
1897.....	69.92	31.08	100.95	88.62	12.33	.....	32.50	44.88

In any view or in any computation which is possible to be made under the evidence, the revenue as proposed to be reduced will not at the utmost pay the bare cost of operation. It will leave no surplus whatever to pay interest or dividends, or to restore the property when it is worn out.

Moreover it can be demonstrated that the cost of doing business in North Dakota is above the average in proportion to earnings, for reasons which have not previously been mentioned and which do not enter into the foregoing computations. North Dakota receives an undoubted benefit in respect to bookkeeping from being treated as part of a system extending through seven states. It is a state which produces no wood, no coal, no metal, no oil, which are the principal articles used in the construction, operation and maintenance of railways. These heavy materials for use in North Dakota have to be transported to that state direct from Minnesota or Montana. If North Dakota is to be for any purpose segregated from the system, if local rates there are to be fixed without reference to the interstate rates, or the local rates in Minnesota or Montana, and if for the purpose of determining whether proposed local rates are reasonable, we must find the operating expense of doing business in North Dakota, the freight on such materials from the point where they come on to the Northern Pacific lines to the point of consumption in North Dakota is a legitimate part of the operating expenses in North Dakota. But in the bookkeeping of the railway company and in its published reports it does not charge itself freight on its own material, and such freight has not been considered in ascertaining on the company's books the percentage of operating expenses to earnings. Gray, vol. 1, pp. 74-76, 91-96.) Mr. Gray made up a statement (Exhibit 5, vol. 1, p. 93-96) showing the freight on rails, ties and fuel used in North Dakota for the years ending June 30, 1894, 1895, 1896 and 1897. Rails, ties and fuel, while not constituting everything used by the company in North Dakota, make up the bulk of it. This exhibit takes the rails, ties and fuel at the several points where they were received on to the Northern Pacific Railroad and shows the freight from such points to the nearest line of North Dakota,—to Fargo on the east or Beach on the west line. It is shown that freight at one-half cent per ton per mile figured as above amounted in 1894 to \$207,265.28, in 1895 to \$171,493.05, in 1896 to \$174,940.82, in 1897 to \$215,325.75.

In another respect the basis of computation which we have suggested above is more favorable to the state than the railway commissioners have a right to ask. The operating expenses and

taxes in the state of North Dakota for the average of the four years mentioned were 70.36 per cent (Exhibit 10, vol. 1, p. 110), nearly two per cent higher than the average for the system, which latter we have taken in the foregoing computations.

The testimony shows that the Northern Pacific Railroad has been economically operated during the four years mentioned. (Testimony of Kendrick, vol. 1, p. 330.)

There is no evidence in the case and no ground for supposing or suggesting that the plaintiff's books have not been properly and skillfully kept or that its earnings or expenditures have been different from the showing made in the evidence, or that the percentage of expenses and taxes to earnings is different from what the proof shows. But counsel made an effort on cross-examination of Mr. Gray to show that improvements and betterments had been made in North Dakota which had been charged to operating expenses. On pages 228 and 299 (vol. 1) are statements showing improvements and betterments in North Dakota from 1890 to 1897 inclusive. One table shows such as were charged to capital and the other such as were charged to operating expenses during the years referred to. It is frequently difficult to determine which of these accounts an improvement should be charged to. Experts on the subject frequently differ. A railroad once built is capitalized we will suppose, for its actual cost. It is laid with sixty pound steel, with few side and passing tracks, with wooden bridges and trestles, few stations and structures. The line will require changing from time to time, the grades will have to be revised, the rail wears out and heavier steel replaces it, wooden bridges and structures go to decay and are replaced by more substantial ones; it is a difficult and serious question in each one of these cases to determine how far such expenditures ought to be paid out of earnings and how far out of new capital. It has been one of the most popular grounds of complaint against railways that such expenditures are capitalized and a part of the public regards this as watering capital. If capitalized the patrons of the company must pay interest. Counsel succeeded in showing that during the six years from 1892 to 1897 inclusive, about \$185,000 had been spent for improvements in North Dakota and charged to operating expenses. The company will doubtless continue (as all companies are doing) charging more or less of such matters to operating expenses. Right or wrong is not material here, although it is beyond doubt good policy. It disposes of the contention sufficiently for present purposes to say that the amount of such improvements charged to operating ex-

penses is so small as to cut no figure in the computation. This is well shown in Exhibit 29, a statement prepared by Mr. Gray. (Vol. 1, p. 252.)

Division of Earnings and Expenses by State Lines and Apportionment Thereof to North Dakota.

The plaintiff's road, as the testimony shows, is operated as a system. The business is not broken into several parts by state lines, and could not be. The impossibility of so doing is shown by taking the simplest case: A train of freight is moved from St. Paul to Tacoma; it consists of different articles moved on different rates, or of one article moved on one rate; but whatever the rate it is a through rate from St. Paul to Tacoma. Who can tell how much of the revenue of this train is earned in North Dakota? There is a quite commonly accepted arbitrary method of arriving at this; that is, divide the revenue on the basis of mileage. And this is what is done in the published reports of the Northern Pacific Company which it is required to make to the Interstate Commerce Commission and to the commissions of Minnesota, North Dakota and other states. But this division is arbitrary, and it requires very little thought to reach the determination that there is no possible basis of division which can be absolute said to be correct. And correspondingly it is just as impossible to make an absolutely correct division on any geographical lines of certain parts of operating expenses. Mr. Gray's table opposite page 227 (vol. 1) shows the subdivisions and subheadings under "Operating Expenses" used in railroad accounting. There appear to be eighty-one subheads comprised under four principal divisions, which are "Maintenance of Way and Structures," "Maintenance of Equipment," "Conducting Transportation," and "General Expenses." Maintenance of Way and Structures comprises all those items of expense which are necessary to keep up the roadbed and track, the rails, bridges and permanent structures; Maintenance of Equipment comprises those expenses involved in keeping up the cars, engines, machinery and tools. Conducting Transportation comprises wages, cost of materials used in running trains, injuries to person, stock and other loss and damage, etc. General Expenses include salaries of general officers and their clerks, insurance, legal expense, traffic department agencies, expense of advertising, etc.

Now, it is obvious, as Mr. Gray explains in his testimony, that the expenses of maintenance of way can be localized. Maintenance of equipment cannot be localized because the equipment is used on the whole system. Conducting transportation can be

mostly localized. Take for example the expense of moving any given train in North Dakota; the wages, fuel, etc., are actually incurred in that state. The general expense cannot be localized; the salaries of general officers and their clerks, the legal expenses, the advertising and traffic department agencies must be distributed over the system, and if divided between different states at all must be divided on some arbitrary basis.

Mr. Gray explains what is obviously true, that so far as the business of the company is concerned there is no division of accounts either of earnings or expenses by state lines. But for the purpose of making the reports required by law there has grown up a system of division which has had the approval of the different railroad commissions to whom the reports have been made. The system is this: That earnings are divided in different states on the basis of mileage; that expenses are divided as follows: all expense like maintenance of way and structures, is localized in the state where the expenditure occurs; the cost of maintenance of equipment is divided between different states according to engine mileage and car mileage; repairs on an engine for instance, are divided between different states in proportion to the mileage that the engine has made in each state, and repairs on cars are divided on the basis of the mileage made by the cars; cost of conducting transportation is mostly localized, as wages of trainmen are charged in the state where the train runs; if it crosses state lines they are divided in proportion to the mileage of the train in each state, and the fuel is divided on the same basis; injuries to persons and other loss and damage are charged in the state where the loss is suffered; general expenses are divided between different states in proportion to the earnings in each state. This system localizes in each state about eighty-eight per cent of the operating expenses, the other twelve per cent being distributed on the basis of division indicated. In all statements of earnings the local business is credited to the state in which the business is carried. It is only the interstate business which is distributed according to mileage.

All the plaintiff's published reports and all its statements in the proofs in this case, so far as they involve division of interstate earnings and of expenses, proceed upon the basis explained. (Gray, vol. 1, pp. 66-73, 77, 159-177, 226, 241-243; Kendrick, vol. 1, pp. 318-321; Clough, vol. 2, pp. 3-10.) On the cross examination of Mr. Gray, the learned attorney general, took the position that instead of dividing interstate earnings between states in proportion to mileage they should be divided in proportion to tonnage

or ton miles. Mr. Gray explained in his testimony why no such division would be correct. He prepared at the request of the attorney general statements consisting of four sheets (Exhibit 26, vol. 1, pp. 241-243) showing the interstate earnings which would be credited to each state during four years on the basis of ton miles. These statements show that the state of North Dakota on the basis proposed by the attorney general would receive a credit for less earnings than on the basis adopted in the company's reports.

Interstate business is immaterial to this case and cannot be considered. The only point which is material is to determine the average operating expense of the company. To determine that expense one of two theories must be taken; either (a) take the average operating expense of the system which is actual and involves no apportionment or distribution by arbitrary lines, or (b) take the operating expense for North Dakota as determined by the published reports of the company. The latter would be slightly more favorable to the company, for the operating expense in North Dakota determined in the manner before stated is slightly higher than the average operating expense for the system. But in the determination of this case we are entirely content to have the court take the average for the system, which is the most favorable possible basis to the contention of defendants.

Method of Railway Accounts and Plaintiff's Proof Touching Accounts.

The accounts of revenue are made up principally from the reports of station agents, conductors and connecting carriers. The agents report all freight forwarded from each station, including weights and charges, also all freight received, including weights and charges. They report all sales of tickets and cash collections. Conductors report cash collections made on trains. The waybill for each shipment is sent in to the general office and from these reports and waybills the books are made up. This involves an immense mass of papers; the number runs into the millions, and is almost beyond ascertainment. It is outside the range of physical possibility to examine each one of these waybills and original agents' and conductors' reports in preparing the testimony for this kind of a case. The same is true of the papers which show the company's expenditures. They consist of pay rolls and vouchers. Every employee is on a payroll each month and every other expenditure is evidenced by a voucher. The papers run into the thousands every month and come to the accounting department every day of the month. (Gray, vol. 1, pp. 46-49, 226.) The keeping of the company's accounts employs

about 125 men. (Gray, vol. 1, p. 48.) It would be a physical impossibility for any one man, or any dozen men, to cover the ground required to be covered in this case, and have either singly or collectively a personal knowledge of the matters involved in the various statements from the books. It would be physically impossible for them singly, or collectively between them, to make an examination of the waybills and original agents' and conductors' reports, and the smallest statement offered in evidence rest back ultimately on a multitude of waybills and reports. Mr. Clough explains this matter very clearly in his testimony. (Vol. 2, pp. 95-97.)

There is one universal limitation upon all rules of evidence. A court must accept the best evidence of which a case admits, if it is morally convincing. The plaintiff offered a large number of statistics contained in various statements and exhibits furnished by its comptroller, Mr. Gray. These statements are made from the books of the company, which books were in the building where the examination was carried on, as were all of the 125 accounting employes. Such books might have been called for by the defendants, or they might have asked an examination of them, or they might have requested to cross-examine any employe of the company. They were frequently told that this privilege was open to them. The statements which were offered required several months' work by a large number of employes to prepare. The statements requested during the course of the examination by the learned attorney general required many months' work and the expenditure of a great deal of money. The compilation of the material of these statements from the books was work in which necessarily very many employes were engaged working on different parts of the same statement at the same time. To support the testimony of Mr. Gray, that the statements and exhibits were taken from the company's books correctly and honestly, the plaintiff put on the stand Mr. M. P. Martin, for many years auditor of the company, Mr. A. S. Morton, for many years auditor of disbursements, Mr. E. H. C. Taylor, for many years auditor of freight receipts, Mr. George Sheriff, for many years auditor of passenger receipts, Mr. M. De Lambert, for many years general storekeeper and auditor of motive power accounts. These witnesses and their clerks and subordinates assisted Mr. Gray in the preparation of his tables, and each testified to the correctness of the tables prepared under his direction. But not one of these witnesses could testify that he had personally examined the waybills and agents' and conductors' reports from which the books were made up, or that he had personally transcribed all the fig-

ures from the books, or personally made every addition, subtraction, multiplication or division. It would be a physical impossibility to produce that kind of evidence. There can be no suspicion of the correctness of the figures. So far as we know, no incorrectness has been detected or suggested, and the tables correspond with the statistical information contained in the reports to and of the North Dakota Railroad Commission and Interstate Commerce Commission. The testimony of Mr. Martin and the other witnesses upon accounting is in vol. 1, pp. 340-372.

II.

We submit that the case should be completely disposed of on the foregoing considerations, and on the proposition that the proposed reduced rates will not pay actual operating expense. If this is true, it is not necessary to consider the fair value of the plant or the fixed charges or capitalization of the company. But out of abundant caution, we have put in proof touching the capitalization and the fair value of plaintiff's plant.

VALUE OF THE PLANT.

It may now be considered as settled that railroad property is entitled, as against legislative reduction of rates, to earn, not only some return, but a fair return, and this fair return is according to the decision in *Smyth v. Ames*, to be based on the fair value of the property being used by it for the convenience of the

"We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public. And in order to ascertain that value the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property. What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience. On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are rea-

sonably worth. But even upon this basis, and determining the probable effect of the act of 1893 by ascertaining what could have been its effect if it had been in operation during the three years immediately preceding its passage, we perceive no ground on the record for reversing the decree of the circuit court. On the contrary, we are of opinion that, as to most of the companies in question, there would have been, under such rates as were established by the act of 1893, an actual loss in each of the years ending June 30, 1891, 1892 and 1893; and that, in the exceptional cases above stated, when two of the companies would have earned something above operating expenses, in particular years, the receipts or gains above operating expenses would have been too small to affect the general conclusion that the act, if enforced, would have deprived each of the railroad companies involved in these suits of the just compensation secured to them by the constitution."

One of the most difficult questions which can be presented is what is the fair value of a railroad? A railroad is a mixed property, *sui generis* in character, consisting of real estate, personal property and franchises, the physical property being bound together and operated under a franchise to be a carrier. It sufficiently appears from the decision of the Supreme Court that no such unreasonable and false basis can be adopted, as to regard a railroad as so many tons of second-hand steel, so many second-hand cross-ties and so many yards of earth moved. There is no market value for a railroad, and evidence of what it is sold for is of no sort of consequence.

A railroad is not made; it is a growth. This is true of its physical property, and doubly true of its business, or good will, if you so choose to call it, or patronage, which is a large and important element in value. It is the inexperienced and thoughtless only who talk about reproducing a railroad. A railroad which has existed for twenty-five years will take about that length of time to reproduce. Its original banks will wash away and they must be many times repaired and rebuilt; they must be ballasted, widened and settled so as to become solid; wooden bridges, trestles, culverts and structures must gradually be replaced by more permanent ones; grades must be revised, track relocated and straightened. It has occurred on the Great Northern and Northern Pacific main lines in North Dakota that more earth has been moved in grade revision than in original construction. A railroad twenty-five years old which has been well maintained and improved is to-day an entirely different property and a greatly more valuable one than any new railroad could be.

The same is true with respect to its business. In the course of the twenty-five years it will have induced immigration and industries; settlement will have spread along its lines; it will have established relations with connecting carriers the world over, and made a name known the world over; which things have cost money, and are of great value. Mr. Kendrick testified, for example, that the Northern Pacific Railroad Company had spent a great deal of money experimenting with locomotives to burn North Dakota lignite, but the experiment had been a failure. This is but an illustration of the outlays which a railway company must make and which require capital. They result on the whole to the benefit of the country and to the cheapening of rates, and they add to the fair value of the property.

In the next place, the Supreme Court, in paragraph quoted, has indicated as clearly as language can indicate, that it is not the so-called cost of reproduction which is to govern; that is simply one of the elements to be considered with others. A railroad company is chartered to build a certain line. Let us suppose it can be built and equipped for \$25,000 a mile. The company must raise \$25,000 a mile, either from the sale of bonds or stock. Let us suppose that it is either entirely or partly raised by the sale of bonds secured by mortgage. The money cannot be obtained on such bonds if they run too short a time. Low rates of interest are controlling of such financial arrangements, and nowadays a bond must be made to run fifty years in order to be salable at the best advantage to the company. The new Northern Pacific bonds run one hundred years. On these long times money can be secured at a low rate of interest. Suppose it is secured, and after the bonds run twenty years it can be proved by somebody that a new railroad could be built in place of the old one for less than the amount of bonds outstanding on the old. Is the capital of the bondholder invested by invitation of the public and with authority of law to be for that reason confiscated? Doubtless the bondholder invests his money taking the ordinary chances of business, the same as the investor in any other business. He cannot claim, of course, to be guaranteed a return by the public. But he has a right, where his money was honestly reasonably and lawfully invested, to say that he is entitled to protection against legislative confiscation. The Supreme Court of the United States has seen and appreciated this when they say that the original cost of construction, the amount expended in improvements, the amount and market value of bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under rates pre-

scribed by statute, and the sum required to meet operating expenses, are all matters to be considered in determining fair value. The court also says that there may be other matters to be considered.

Now, let us briefly allude to the history of the Northern Pacific Railroad. It was incorporated in 1864 by act of congress, to meet the necessity of a government road across the continent, on which to move troops, military supplies and materials. The original plan in the charter was to build the road by stock, and a mortgage was prohibited. In 1870, no substantial progress having been made on the stock plan, congress authorized a mortgage. By 1873 the road had been completed from Lake Superior to the Missouri river. In 1883 the main line was completed to a connection with the Oregon Railway & Navigation Company, and by that connection it reached the coast at Portland, Tacoma and Seattle. In 1887 that part of the main line was built which gave the Northern Pacific its own road across the Cascade mountains to Puget Sound. It is a matter of public history that during these years the property was unprofitable to the people who had invested their money in it. And this is simply an example of what is almost universally true in the unsettled parts of the West, that for some years a new railroad must be unproductive. Capital is invested on that expectation, but with the hope and reasonable assurance of returns in the future.

In 1883 the annual fixed charge of the Northern Pacific road had reached approximately \$11,000,000 per annum. This did not include any dividends on stock. The company was unable to pay its fixed charges, and a receivership came. This continued for three years. The capitalization and fixed charges of the old company are given by Mr. Gray in various portions of the testimony. (Vol. 1, pp. 49-66, 73, 85-87, 244-246.) The property was sold under foreclosure decrees of the federal courts in the summer of 1896, and was bought by the Northern Pacific Railway Company. It was paid for mainly in securities of the old company, accepted under the decrees in lieu of money, which securities the Northern Pacific Railway Company had acquired before its purchase. They were acquired in the markets by bargain with the holders of them. It is reasonable to suppose they were acquired at the lowest prices obtainable, and it is notorious that those securities were very much depreciated during the receivership. Interest stopped during that time on all the securities of the old company except the general first mortgage and certain small mortgages on fractions of the line. Receivers' certificates were issued to the amount of \$5,000,000. The new company as-

summed the receivers' certificates, and paid them, assumed and took, subject to the first and certain smaller mortgages (on which there had been no default), and for the balance of the purchase money, turned in the securities of the old company, with a certain amount of cash specified in the decrees. In addition to the railroad, it acquired the land grant, a property the value of which it is difficult, if not impossible, to determine.

The new company issued for the securities of the old company which had consummated the purchase, and to repay its cash outlay in the purchase, bonds and stock of the new company. These bonds and stocks appertain to the whole system. The company has no separate capital issued on account of the North Dakota lines by themselves. The total interest charge was reduced by the foreclosure and reorganization from (in round figures) \$11,000,000 to the present figures of about \$6,000,000. The new bonds were issued on a hundred year's time, one mortgage bearing four per cent interest, one three per cent interest. Considering the low rate of interest on the bonds (which it was sound policy for the new company to obtain), the bonds were issued at a discount. The four per cent bonds have recently been selling at par, but were at a discount when this suit was commenced, and the three per cent bonds are still at a discount. It is not necessary in this case to rely upon any value whatever in the property represented by stock, or to inquire what the stock is receiving or hopes to receive in the way of earnings. Considering the fixed interest charge alone as being in round figures \$6,000,000, and the mileage of the company in round figures 4,500 miles, the annual interest charge is \$1,333 per mile, which is approximately five per cent on a valuation of \$26,000 per mile. If the court finds it necessary in this case to go into the valuation of the Northern Pacific Railway (which we do not think), we submit that five per cent is a fair rate of interest, and that \$1,333 per mile is a very low annual interest charge. The usual rate of interest in North Dakota on perfectly good security is considerably in excess of five per cent. (Testimony of Mr. Von Neida, vol. 1, p. 498.)

But the defendants say that the terminals and properties of the Northern Pacific Railway Company outside of North Dakota do not concern them; that they are unnecessary, except for interstate business and the business of other states, and are not essential to doing the North Dakota local business. But this view is superficial. It is clear that North Dakota has to do with the system as a whole, and is benefited with respect to local business by the ability of the system to obtain and handle interstate business, and the terminals and other large properties in Minnesota.

Wisconsin and Washington are necessary for the interstate business. The volume of local business in North Dakota has been shown to be so small that it is preposterous to talk of a road being built for local business alone. A road could not live in North Dakota except for the interstate business, and railroad and terminals outside the state are necessary to handle that business.

But if the defendants contend for the right to have the North Dakota lines isolated and treated as a separate property, they must take all the burdens and incidents of such isolation. The fair value of such isolated property in the state must be considered with reference to its being a separate system. It should be charged with the shops, general office building, and other structures of a separate system of a thousand miles of road, and into its cost should go to the freight on all construction material. This separate system must pay for the necessary and reasonable discount and interest upon the capital which would be required to construct it as a separate system.

The plaintiff offered evidence to show the cost of the North Dakota lines. First, it offered Exhibit 39 (vol. 1, p. 341), showing the book cost of these lines, with equipment, to be \$31,132.75 per mile. Mr. Kendrick, who is a civil engineer by profession, testified to a statement (Exhibit 40, vol. 1, p. 344), showing cost of duplicating present lines in North Dakota. That statement is as follows:

Main track.....	858.87 miles
Second track.....	5.31 "
Sidings.....	142.60 "
Total.....	1,006.78 "

	Quantity	Rate	Amount
Right of way.....Acres	24,933	\$ 22.69	\$ 572,610
Station grounds and real estate....."	1,983	1,102.00	2,075,481
Clearing....."	200	25.00	5,000
Grubbing.....Stations			5,000
Earth.....Cubic yards	13,881,250	.16	2,221.00
Loose rock....."	250,800	.50	125,400
Solid rock....."	75,500	1.00	75,500
Rip-rap....."	40,000	1.50	60,000
Cross ties.....Number	2,689,786		760,517
Rails.....Tons	93,127	21.50	2,002,229
Angle bars.....Pounds	11,889,768	1½	138,759
Bolts and Nuts.....Kegs	6,040	4.75	28,691
Spikes.....Kegs	83,223	3.30	109,637
Rail braces and tie plates.....No. T. P.	70,062	.06	
Switches.....No. R. B.	85,887	.14	17,629
Track laying.....Number	859	108.73	93,408
Track surfacing.....Miles	1,006.78	500.00	503,390
Ballasting....."	586.77	300.00	176,031
Wooden drawbridges.....Lineal ft.	414.41	1,450.00	600,997
Iron bridge, including stone piers (Bismarck bridge being ½ of construction cost).....Lineal ft.	404	73.96	29,880
Combination truss bridges....."	1,443		719,310
	202	50.00	10,100

	Quantity	Rate	Amount
Wooden truss bridges.....	706	\$ 27.46	\$ 19,392
Plate girders.....	490	58.37	28,604
Trestle bridges.....	25,989	6.00	155,817
Open culverts.....	72	95.00	6,840
Stone arch culverts.....	34	502.00	27,130
Brick and concrete culverts.....	78	75.32	5,875
Iron pipe culverts.....	480	147.71	67,950
Wooden box culverts.....	544	74.00	40,275
Fencing.....	209.00	\$50.00	73,393
Telegraph.....	858.87	147.00	126,282
Highway crossings and signal towers.....	778	11.85	9,250
Railroad crossings.....	11	327.27	3,600
Passenger depots, brick.....	4		21,500
Passenger depots, frame.....	2		5,000
Freight depots, frame.....	10		51,500
Warehouses, frame.....	1		1,000
Combination depots, frame.....	73		157,500
Section houses, frame.....	76		116,500
Telegraph offices, frame.....	8		1,350
Ice houses, frame.....	11		12,100
Roundhouses, brick.....	No. stalls		206,000
Roundhouses, frame.....	No. stalls		24,000
Shop buildings and machinery.....	Number		125,000
General office buildings.....			35,000
Oil and sand houses.....	9		6,800
Water tanks and wells.....	50		118,000
Pump houses and pumps.....	50		56,300
Gravity supply.....	Lineal feet pipe		1,350
Coaling stations.....	Number		56,300
Stock yards.....	63		30,300
Track scales.....	5		7,500
Cattle guards.....	4		100
Turntables.....	8		22,000
Mail posts and signs.....	Miles		21,752
Ash pits.....	Number		2,000
Tool houses.....	124		9,300
Storehouses and offices.....	7		19,000
Dwellings.....	4		6,000
Office and station furniture.....			18,560
Track and building tools, including hand and push cars.....			29,280
Equipment.....	Miles		3,105,459
Traffic charges.....			1,121,988
Material and supplies.....			350,000
Working capital.....			250,000
Total.....			\$ 16,879,819
Engineering, operating and contingent expenses during construction, 10 per cent.....			1,687,982
Interest during construction, 5 per cent.....			1,237,853
Discount and commission, 20 per cent.....			4,951,414
Grand total.....			\$ 24,757,068
Average cost per mile.....			28,825

Mr. Kendrick, in this statement, takes the actual right of way of the company, actual station grounds and real estate, the actual amount of clearing and grubbing; the larger part of the earth and rock work is actual, figured out from the records of the company (a portion on one division, where the records are lost, is estimated); spikes, rail braces, switches, wooden and iron draw-bridges, truss-bridges, girders, culverts of all kinds, fencing, telegraph, highway crossings, depots and other structures are actual (except shop buildings and machinery and general office buildings

which are estimated the amount necessary if the North Dakota lines were a separate system); water tanks and wells, coaling stations, stock yards, scales, cattle guards, etc., are actual. Equipment is estimated by Mr. Kendrick at the amount of equipment necessary from his experience to do the business in North Dakota; traffic charges are figured accurately on the actual amount of material used in construction from the different points of origin of that material to North Dakota. Material and supplies, \$350,000, is shown to be a reasonable and necessary stock of material and supplies for operation, which any railroad company would have to supply itself with and keep constantly on hand for a thousand miles of road in North Dakota. The item of working capital is of the same nature. A railroad company owning this road in North Dakota could not do business without some cash capital, and the estimate of \$250,000 to be constantly on hand is reasonable and necessary according to the testimony. Both the last items are as little in proportion to mileage as the Northern Pacific Company keeps on hand of material, supplies and working capital. Track laying, surfacing and ballasting and doing the work is, of course, Mr. Kendrick's estimate, based on customary prices and on his own experience. Interest during construction (five per cent) is a necessary disbursement, and is based on the theory that it would take the minimum time of two years to rebuild the thousand miles of road. The money would lie idle, therefore, an average time of one year. Discount and commission on the sale of bonds (twenty per cent) Mr. Kendrick and other witnesses testify to as being a very reasonable and necessary discount, probably less than actual, on the construction of these North Dakota lines considered as an independent system of road.

Mr. Kendrick's estimate is supported and corroborated by the testimony of Mr. Shepard and Mr. Winston. It may fairly be said that these two witnesses have built most of the railroad in the Northwest. Their great experience and thorough knowledge of the subject is shown by their evidence.

We do not consider it necessary to quote or refer to this class of testimony in detail. It will be found in vol. 1, pp. 341-466.

The only testimony which was offered by the commissioners on this subject was (a) testimony that the Fargo-Southern branch of the Milwaukee & St. Paul road had cost about \$10,000 a mile when it was turned over to the Milwaukee & St. Paul Company in 1885; (b) testimony of A. J. Edwards (vol 2, p. 272, and following), in which (p. 278, 279) he gives an estimate of what he thinks a railroad can be built for that is equally as good as the Milwaukee & St. Paul,

Northern Pacific and Great Northern roads. His estimate is \$10,-862 a mile.

The answer to this evidence is easy. In the first place, Mr. Edwards' own testimony shows that he is without experience. He never built a mile of railroad in his life, and never did any railroad or surveying work in North Dakota or neighboring states.

Mr. Darling, assistant chief engineer of the Northern Pacific railway (vol. 2, p. 306, and following), had recently been over the Fargo-Southern road, and made an estimate on its cost of \$9,500 per mile. He testified that there was no rock work on the line; that it ran parallel to the Red river, and was practically level; that the grade was very low, very little above the prairie, containing less than 10,000 yards of earth per mile, and the grading was very cheap (worth ten cents per yard), because the dirt could be borrowed from the side of the road and handled by scrapers; that the number of yards of work per mile is not to exceed half of that on the Northern Pacific lines, and is much cheaper per yard; that the Fargo-Southern grade is very low, being covered by high water in the spring, while the Northern Pacific grade is carried up above the water; that the Northern Pacific line has about 1,350 feet of side track per mile of main line, and the Fargo-Southern about 300 feet; that there is a great difference in respect to passing tracks, yards and terminals, engine houses, stations, ballasting, bridges, culverts, rails, ties, switches. (P. 308-313, 325,328.)

Chief Engineer McHenry of the Northern Pacific road (whose testimony shows his thorough knowledge and great experience), testified in regard to the estimate of Mr. Edwards. His testimony is found in vol. 2, p. 328-340. He testified that the lines in the Red River Valley are naturally cheap; surface of the grade very even, and distance material has to be moved of the shortest; that the grade up and down the valley is about one foot per mile; that out of the Red River Valley the country is rolling, with frequent changes of elevation, with a change of material from ordinary Red River Valley dirt to glacial drift, consisting of rock, clay, sand, gravel and hard-pan; that one bridge alone on the Northern Pacific line in North Dakota cost as much as the entire Fargo-Southern Railway, and that the Northern Pacific lines have a number of heavy, expensive, first-class steel bridges; that Mr. Edwards' estimate is very incomplete and deficient, appearing to be an estimate made by an inexperienced man; that the items are either too low or too high, and a great majority wholly lacking; that ten dollars an acre is entirely an insufficient sum for right of way, which ordinarily costs at least double the market value of the land taken; that Mr. Edwards makes no allowance for extra value of

right of way in entering towns or for station grounds; that Mr. Edwards' estimate of the value of grading is fair, possibly too high for grading in the valley, but altogether deficient and insufficient as applied to the average cost of grading elsewhere (witness estimates the average cost of all lines in Dakota at more than double); that Mr. Edwards' estimate of masonry per mile, is meaningless,—there is no such method as estimating masonry per mile, and the same remarks apply to bridges, trestles, and culverts—as a matter of fact, each line in these respects being a thing by itself, and no average can be given; that Mr. Edwards makes no mention of trestles, bridges, draw-bridges, or combination bridges; that his price for ties is fair,—but he makes no allowance for freight in getting them there; that Mr. Edwards is too high on rails, altogether too low on track laying, about right on angle-iron, plates and spikes, entirely insufficient and too low on ballasting, vague and uncertain on stations and water tanks, and with respect to shops and tools ridiculous; entirely insufficient in respect to engineering and contingencies.

Mr. McHenry says that Mr. Edwards' estimate omits the following necessary items to go into a railroad Real estate for station grounds and terminals, clearing, grubbing, trestle bridges, draw-bridges, combination bridges, rail braces, tie plates, switches, frogs, fences, telegraph, track signs, section houses, telegraph offices, round houses, office buildings and general terminal facilities, ice houses, sand and oil houses, coaling stations, stock yards, track scales, turn-tables, office and station furniture, freight charged on materials, stock of material and supplies for operating the road when turned over, and working capital, interest during construction and discount on bonds.

The fact is, that Mr. Edwards' estimate is one of those so easy to obtain from inexperienced men, who actually believe that a railroad can be built for \$10,000 a mile, when the fact is, and the result of experience shows, that a railroad when ready to run trains over is hardly more than commenced.

As we have before endeavored to show, valuation of the property is in this case immaterial. But if it could be material, or if the court shall ever reach the question, it will be impossible to fix upon the Northern Pacific lines in North Dakota a lower fair value than \$25,000 per mile, and a five per cent interest charge on this sum is \$1.250 per mile annually. Apply the perfectly equitable and fair proposition which Judge Brewer decided at the circuit in the Ames case, that all traffic should bear a proportionate part of fair interest on the value of the investment, and charge to the North Dakota local business its proportionate part of five per cent on \$25,-

000 a mile, or five per cent on \$20,000 a mile, and the computations which we have before made show, that the business does not now, without any reductions, pay this return, and that if the company did not make more on its other business than it does on its North Dakota local business it would be bankrupt.

COMPARISON OF RATES.

The court cannot, nor could the commission of North Dakota, try the reasonableness of the plaintiff's rates in other states, or try the reasonableness of its interstate rates, because no decision which the court could make on these subjects would be of the slightest effect upon either the railroad company or the people of other states who are interested in such rates. The issue here is on the reasonableness of the proposed local rates in North Dakota. As throwing light on that question, undoubtedly comparison may be made with rates in other states, or with interstate rates, provided the other rates compared with are made under substantial similar circumstances and conditions. The plaintiff has shown that its rates in North Dakota bear a fair relation by comparison to its rates in Wisconsin and Minnesota on the east and Montana on the west of North Dakota; bear a fair comparison with its interstate tariffs on live stock, on grain and on merchandise, in the country from Wisconsin to Montana; that the proposed reductions put the local rates in North Dakota down below any of these tariffs, state or interstate, and that the necessary result of such reductions is to lower the whole fabric of tariffs from Wisconsin to Montana. The court must assume that the rates in Minnesota and Wisconsin and the interstate tariffs referred to are reasonable, and there is no issue in this case as to their being unreasonable. The defendants shown, where it is made to appear that its necessary and cannot successfully ask this court to decide that they are all, or any of them, too high.

Not disputing the jurisdiction of the state commission to act with respect to purely local rates (an alteration of which would affect local business only), we do dispute the jurisdiction of the commission to make the reduction in question under all the circumstances immediate result would be to change the tariffs in other states and the inter-state tariffs. This is a question which, so far as we know, has not yet been passed on by the courts, but if the federal control of interstate commerce is to be sustained and enforced, we see no escape from the proposition that local authorities cannot put local rates down to point where they are below the interstate rates, and would necessarily reduce the interstate rates.

A large mass of tariffs was introduced by the defendants, which tariffs are of two kinds: either Northern Pacific tariffs applying on transcontinental business, or joint tariffs of the Northern Pacific road with eastern connections; and the defendants call attention to the lowness of these tariffs as compared with the local tariffs in North Dakota, and will talk as Mr. Phelan did in his evidence, about the "Dakota proportion of the through rate."

The lowness of transcontinental tariffs the court in this case has nothing to do with. Wherever this question arises (and it has arisen before the Interstate Commerce Commission and before the United States courts in the state of Washington), it will be shown that these tariffs are not voluntarily made by the Northern Pacific Company, but are forced upon it by the competition of water lines and Canadian lines to the Pacific coast, water transportation covering about all classes of freight, and being very much lower than transcontinental transportation by rail. (See evidence of Hannaford, vol. 1, p. 303-305.) It is a good maxim of rate making, expressly approved by the Interstate Commerce Commission, and adopted by experts both of this country and Europe, that a carrier ought not to refuse any traffic which will pay more than the actual cost of moving it, although it pays very much less than the average rate necessary to be received by the carrier in order to earn fair return on its property. (Re Southern Ry & St. Assocn., 1 Interstate Commerce Reports, 278.) Take a simple illustration to prove this: Suppose that an average fair return for a carrier is one cent per ton per mile on freight, and that actual cost of transportation is four mills per ton per mile on the average. Traffic is offered to the carrier at five mills per ton per mile, and it can obtain the same at no higher rate. Obviously the carrier should take the traffic, for it thereby earns one mill per ton per mile profit which it would lose were the traffic not taken, and which by taking the carrier is enabled to make lower rates on the balance of its business. There can be no just complaint of this on the part of communities who pay the higher rates. This illustrates the condition of the transcontinental business. Water competition forces the carriers to take it at very low rates, but there is no ground for claiming that it is done at rates below the actual cost of transportation, so as to create a loss, which is being charged on other business or other communities. The cheap lumber rate from Washington to eastern terminals is an illustration of this. Not only is it forced on the carriers by water transportation, but a higher rate would shut out the products of the state of Washington from sale and use in the Mississippi and

Missouri river valleys. Suppose the carriers find that from the carriage westward to the coast they have a surplus of empty cars; to bring back loads of lumber at almost any rate pays something toward the fixed charges of the carrier, and it is an advantage to the people of North Dakota that the railroad company should engage in this business.

Such a thing as a "Dakota proportion of the through rate" does not exist, and cannot. As the length of haul out of terminals increases, the rate per ton per mile rapidly decreases. All railroad tariffs are constructed on this principle, which has the indorsement of the Interstate Commerce Commission and of the state commissions. To take a tariff from Chicago to Bismarck, for example, and compare any proportionate part of this tariff with local rates for similar distances, is illogical and absurd. (*Chicago & No. W. Ry. v. Osborne*, 52 Fed. Rep., 912, 10 U. S. App. 430.) There is not an instance in the United States where such a comparison would not show that the local rates are very much higher than a proportionate part of the through rate for the same distance (*Clough*, vol. 2, p. 400, 403.) Mr. Phelan's testimony consists of tables built up upon this objectionable theory. We call attention to the evidence of Mr. Clough, and that of Mr. Baird, in which they comment upon these computations of Mr. Phelan.

QUESTIONS WHICH WITNESSES KENDRICK AND GRAY DECLINED TO ANSWER UNDER ADVICE OF COUNSEL.

Counsel for the commissioners made a motion (vol. 2, p. 183) to strike out all the testimony of witnesses J. W. Kendrick and H. A. Gray for the reason that while said witnesses were under cross-examination they refused to answer two questions.

There is no authority for the court's entertaining such a motion. The remedy, I think, is unheard of. The correct practice is this: that the examiner having no authority to rule on the materiality or competency of questions, should take down the questions where they are objected to and report them to the court. If witnesses decline to answer the remedy is that the court, if it holds the questions ought to be answered, will compel answers by commitment for contempt of the witnesses if necessary. 1 *Daniel's Ch. Prac.*, p. 905, 906, 908, 909.

The questions were incompetent and immaterial. Moreover they were put at a stage of the examination where to answer them would have required a great deal of time and an unreasonable delay in closing the testimony. The evidence was commenced on the 16th day of February, 1898, and continued from time to time until the

day when these questions were put, which was on the 10th day of June, 1898. The learned attorney general had early in the examination called on Mr. Gray and Mr. Kendrick for numerous tables and statements, the preparation of which consumed a great deal of time and cost the plaintiff a great deal of money. Although in our view most of these tables and statements were immaterial, yet we furnished them, desiring to afford the defendants the fullest opportunity to obtain information from the plaintiff's books. But after the ground had been threshed over and over, statement after statement prepared and delivered, just as the testimony of plaintiff was about to close, these questions were asked. The questions request a statement covering four years, showing—

1. Freight shipped locally in North Dakota.
2. Freight shipped into North Dakota.
3. Freight shipped out of North Dakota.
4. Freight shipped through North Dakota.

Making the statement show the number of tons under each class and the ton miles in each class for the total actual haul; also the actual freight receipts for each of the four classes. The questions could not be competent or material unless the court in this case is to try the reasonableness of all the interstate and transcontinental tariffs of the plaintiff, which is simply an impossible and endless task.

C. W. BUNN,
Counsel for Complainant.

IN THE
CIRCUIT COURT OF THE UNITED STATES,
For the District of North Dakota,
EIGHTH DISTRICT.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY,

Complainant.

vs.

GEORGE H. KEYES, L. L. WALTON, JOHN R. GIBSON, as
Commissioners of Railroads of the State of North Dakota, et al.,

Defendants.

BRIEF AND ARGUMENT FOR COMPLAINANT

STATEMENT OF THE CASE.

The bill was filed May 18, 1897.

The defendants are the Railroad Commissioners of the state of North Dakota. The publishers of certain newspapers in North Dakota were also made defendants, but only for the purpose of obtaining a temporary injunction as to them, against publishing the schedule of rates which the bill alleges had been agreed upon and adopted by the Board of Railroad Commissioners.

The schedule of rates had been adopted by the commissioners in pursuance of a statute of the state of North Dakota, known as House bill No. 121, for the year 1897. The bill alleges that the rates for carrying freight and passengers then in effect upon complainant's line of railroad in the state of North Dakota were just and reasonable and that the rates established by the commission-

ers were unjust and unreasonable and would afford no adequate or reasonable compensation to complainant for the services which it is required to perform as a common carrier in the state of North Dakota.

It also alleges substantially that the rates then existing for the carriage of freight and passengers in North Dakota, instead of being too high were in fact too low, and that the action of the railroad commissioners in adopting the schedule complained of would have the effect to still further reduce the rates and the earnings on complainant's lines of road in North Dakota. It alleges, further, that the action of the commissioners was arbitrary and unjust; was not based upon any proper, sufficient or reasonable investigation of the subject, was in direct violation of complainant's rights as a common carrier of freight and passengers in the state of North Dakota, and that it deprived complainant of the equal protection of the laws; took its property without just compensation, and without due process of law.

A temporary injunction was allowed, after which defendants answered, traversing the material allegations of the bill, and complainant filed a general replication. Upon the issues thus made up the court appointed Vernon R. Lovell, Esq., of Casselton, North Dakota, special master to take and report the testimony, and thereafter testimony was taken by the parties and the cause is now before the court for final hearing.

THE QUESTION AT ISSUE AND THE LAW GOVERNING IT.

The question involved is whether the rates for the carrying of freight and passengers, as established and promulgated by the defendant commissioners, over complainant's lines in North Dakota, are just and reasonable; that is to say, whether they will afford to complainant a fair and reasonable compensation for the service which it is required to perform. If they will afford such a return to the complainant for the service it performs, then complainant must adopt them and conduct its local business in North Dakota under them. The right of the state of North Dakota to regulate the rates of common carriers on business within the state is not, and cannot, be questioned; but the power to regulate, so far as the establishment of rates is concerned, is limited to the power of establishing reasonable rates. By reasonable rates is meant such rates as afford the carrier a just, fair and reasonable compensation for the service performed. What the public is entitled to demand is that no more be exacted for the use of a public highway than the services rendered are reasonably worth.

Nothing can be just and reasonable, so far as the public is concerned, which is not just and reasonable to the carrier, for the carrier may not be required to use its property for the benefit of the public, without receiving just and reasonable compensation for the services rendered by it.

These are fundamental propositions. After a prolonged struggle, the supreme court of the United States in *Smyth v. Ames*, 169 U. S., 466, has finally set at rest the question how far a state may go in the regulation of rates, without invading the rights of the carrier as protected by the constitution. Within the limits of reasonableness, the state may exercise its power to fix rates at its own discretion, but beyond those limits it cannot go. This is the entire doctrine established in *Smyth v. Ames*.

In considering the powers of the states under our system of government the courts have always been, and doubtless always will be, embarrassed, more or less, by the peculiarity of our system of government, which permits two sovereignties to exercise power within the same territory and over subjects which are very difficult of separation. Most, if not all, railroad companies in the United States are not only local or domestic carriers within the limits of a single state but are also carriers of traffic destined to or coming from other states. Over the one kind of traffic the state has the power of regulation; over the other the United States has that power. The complication of the question is also increased by the fact that both kinds of traffic are frequently carried upon the same train. *Smyth v. Ames* declares the law to be that the reasonableness or unreasonableness of rates prescribed by a state for the transportation of persons or property wholly within its limits must be determined without reference to the interstate business done by the carrier, or to the profits derived from it. These two kinds of traffic, so far as the power of regulation is concerned, are as distinct as if they were performed by different carriers in different jurisdictions. Neither business can be made to bear the losses sustained upon the other, nor can the profits derived from one be set off against the other. Each must stand alone, and be measured by the reasonableness of its own rates. In the language of Mr. Justice Harlan:

"It is only rates for the transportation of persons and property between points within the state that the state can prescribe; and when it undertakes to prescribe rates not to be exceeded by the carrier, it must do so with reference exclusively to what is just and reasonable, as between the carrier and the public, in respect of domestic business." *Smyth v. Ames*, *supra*.

COMPLAINANT'S LINES AND RATES IN NORTH DAKOTA.

It appears by the record that complainant owns and operates three short lines in North Dakota, which are but fragmentary parts of its system. They are not connected with each other, but run in parallel lines north and south, the second being about 57 miles from the first, and the third being about 36 miles from the second. The first is the line south from Fargo, originally known as the Fargo and Southern, and has a mileage in North Dakota of 69.4 miles; the second line extends from Harlem south to the state line, at or near Brampton, a distance of about 17.20 miles, and the third extends from Edgeley south to the state line, at or near Ellendale, a distance of about 31.61 miles, their aggregate mileage in North Dakota being about 118.21 miles. The mileage of the entire system is about 6,153.83 miles, so that the mileage in North Dakota is a fraction less than 2 per cent of the entire mileage of the system.

The existing rates on local freight business in North Dakota are shown in Exhibit 10, and the reductions proposed by the commission on a single sheet the existing rates, the commissioners' rates and the percentage of reduction which the commissioners' schedule would accomplish. These reductions are variable, ranging from 5 per cent to 43.33 per cent.

The right of the commissioners to make these reductions depends upon the question whether the then existing rates were unreasonably high. If they were, undoubtedly the commissioners could order a reduction. If they were not, the commissioners could not lower them. This brings us to an examination of the business transacted by complainant in North Dakota, the earnings received for performing the service, the expenses incurred in performing it, and the capital invested upon which complaint is entitled to receive a fair return. In other words, we are to consider gross earnings, operating expenses and net earnings, in order to determine whether the result shows the complainant to be receiving an unreasonable revenue from its business. By the term "gross earnings" is meant the entire amount of money received for performing a given service. By "operating expenses" is meant the amount it has cost to earn the money, and by "net earnings" is meant whatever is left.

GROSS EARNINGS.

As stated above, both state and interstate business are transacted over the same tracks and on the same trains, and the earnings from the North Dakota lines are, therefore, partly state and partly interstate. The subjoined figures give both. The local earnings as given in the tables are those derived from conducting purely local

business, and the interstate earnings are those derived from actual shipments of interstate traffic, giving to North Dakota its pro rata share for each mile carried in North Dakota. We have also included the earnings from mail, express and miscellaneous business, although they cannot properly enter into a consideration of the reasonableness of the freight and passenger rates, because a state cannot, in establishing rates upon traffic over which it has jurisdiction, take into consideration what the carrier earns on traffic over which it has no jurisdiction.

The gross earnings derived from all business in North Dakota—
 For the year ending June 30, 1894, were.....\$ 68,681 57
 For the year ending June 30, 1895, were..... 59,936 32
 For the year ending June 30, 1896, were..... 76,092 12
 For the year ending June 30, 1897, were..... 114,202 89

Total gross earnings in North Dakota for the four
 years ending June 30, 1897, were\$318,912 90

The gross earnings derived from purely local business during each of said years were as follows:

For the year ending

	Freight	Passenger	Exp., Mail and Miscel.	Total
June 30, 1894..	\$ 4,398.69	\$13,208.07	\$ 6,600.31	\$24,207.07
For the year ending				
June 30, 1895..	3,929.53	12,567.30	3,716.76	20,213.59
For the year ending				
June 30, 1896..	4,970.35	17,816.35	3,648.24	26,434.94
For the year ending				
June 30, 1897..	5,803.10	16,392.39	2,643.86	24,839.35
Total	\$19,101.67	\$59,984.11	\$16,609.17	\$95,694.95

As will be seen, we have included express, mail and miscellaneous earnings in this table of local earnings, although they are not proper elements entering into the solution of the question. We have inserted them, because in the books of the company an account is kept of them, and it is certainly more than fair to the defendants. The general auditor assigned of the express, mail and miscellaneous earnings in North Dakota such a proportion locally as the local freight and passenger business bears to the entire business of the state, namely, 30.01 per cent. (Exhibit 14, page 224).

From the two tables above, the court will observe that the gross earnings from all sources, state, interstate, express, mail and miscellaneous, for the four years were \$318,912.90, and upon the purely:

local or state traffic alone, including, however, express, mail and miscellaneous during the same period, they were \$95,694.95.

The average gross earnings from all sources of the North Dakota lines for the four years were, for each year, \$79,728.22.

The average earnings from the local business, as shown in the table for the four years in question, were, for each year, \$23,923.73.

The sums are fixed and certain; they are arrived at by careful computation, made and verified by complainant's accounting officers, and it cannot be questioned that they represent and measure the full earning power of complainant's lines under existing freight and passenger tariffs.

OPERATING EXPENSES.

But in order to earn \$318,912.96 from all sources in four years, and in order to earn \$95,649.95 during the same time, from business purely local to North Dakota, it was necessary to expend money. Conducting the business of a common carrier is like conducting any other business; the result of it can be known only when the cost of doing the business is subtracted from the gross amounts received from it.

For the reasons above stated, namely, that state and inter-state traffic are carried upon the same train, under the charge of the same employes, using the same facilities, it is not possible to keep a separate account showing the operating expenses on state traffic. Although for the purposes of this case they must be separated, the operating expenses of a railroad system are so blended and interfused that the best which can be done by the accounting officers of a railroad in determining the results of its business operations is to first ascertain the expenses of conducting the entire business, and then, under rules which are based on the experience of years determine as nearly as possible what proportion is local. When the entire expenses are ascertained, it is an easy matter to see what percentage of the entire or gross earnings is required to pay them. As we proceed with the argument, it will be seen that in every aspect of the case the controlling question is that of local operating expenses. This must be our excuse for so constantly referring to it, and for drawing the attention of the court to it at almost every stage of the discussion. It will abundantly appear that local operating expenses are, and necessarily must be, much greater than the operating expenses on through business or on the entire business.

All railroad companies, including complainant, keep an account both of earnings and expenses, and these accounts show the actual

results of conducting the operations of the company for a given time. Upon the complainant's system of railroad the percentages of operating expenses to earnings were as follows:

For the year ending June 30, 1894.....	64.21 per cent.
For the year ending June 30, 1895.....	62.35 per cent.
For the year ending June 30, 1896.....	60.21 per cent.
For the year ending June 30, 1897.....	60.94 per cent.
Average for the four years.....	61.90 per cent.

These figures are actual, and show precisely what portion of the gross earnings of the system were expended in producing the earnings. They show that for every \$100 earned by complainant's system,

For the year ending June 30, 1894, it cost complainant to earn it.....	\$64 21
For the year ending June 30, 1895, it cost complainant to earn it.....	62 35
For the year ending June 30, 1896, it cost complainant to earn it.....	60 21
For the year ending June 30, 1897, it cost complainant to earn it.....	60 94
Average for four years.....	61 90

From these actual figures we are to ascertain as nearly as possible what the operating expenses are in conducting local business in North Dakota. Different methods may be applied in these calculations.

First. We may assume that the operating expenses on business local to North Dakota are the same as the operating expenses of the system.

Secondly. We may apply the estimates of competent experts as to the relative cost of doing a local business.

Thirdly. We may apply the rule recommended by the Convention of Railroad Commissioners of the United States held at Washington in May, 1895, known as the "Train Mileage Basis."

Fourthly. We may take the actual and estimated operating expenses, on the local business in North Dakota, as testified to by General Manager Collins, from the books and records of the company and from his personal knowledge.

We shall now show that taking any of these methods of computing operating expenses, the net earnings of complainant from its local business in North Dakota have never in any of the years named above been such as to authorize the slightest reduction in the rates from which such earnings have been derived.

The average operating expenses of the system for the four years mentioned were 61.90 per cent, and for the two last of the four years named between 60 and 61 per cent. The operating expenses of the system have been fair and reasonable, and its management efficient, honest and economical. This appears affirmatively and is not denied or disputed by the defendants.

I.

Results in North Dakota under the first method of ascertaining local operating expenses, namely, assuming that they are the same as the operating expenses of the system.

For the year ending June 30, 1894.

As appears by the tables above referred to, the gross earnings from all business, state, inter-state, express, and miscellaneous, in the State of North Dakota for the year ending June 30, 1894, were \$68,681.57. The entire state or local earnings from freight, passengers, express, mail and miscellaneous for the State of North Dakota for the same year were \$24,207.07. The purely local earnings in North Dakota for that year were, therefore, 35.19 per cent of the whole earnings in the state. Applying the percentage of operating expenses of the system for the year ending June 30, 1894, to the local earnings in North Dakota for the same period, we have the following result:

Gross earnings, local to the state.....	\$24,207 07
Operating expenses, same as the system, 64.21 per cent. . .	15,543 36

Net earnings on all local business in North Dakota for
the year ending June 30, 1894.....\$ 8,663 71

For the year ending June 30, 1895.

As appears by the tables above referred to, the gross earnings from all business, state, inter-state, express and miscellaneous, in the State of North Dakota, for the year ending June 30, 1895, were \$59,936.32. The entire state or local earnings from freight, passengers, express, mail and miscellaneous, for the State of North Dakota for the same year were \$20,213.59. The purely local earnings in North Dakota were, therefore, 34.69 per cent. of the whole earnings in the state. Applying the percentage of operating expenses of the system for the year ending June 30, 1895, to the local earnings in North Dakota for the same period, we have the following result:

Gross earnings, local to the state.....	\$20,213 59
Operating expenses, same as the system, 62.35 per cent. . .	12,603 17

Net earnings on all local business in North Dakota for
the year ending June 30, 1895.....\$ 7,610 42

For the year ending June 30, 1896.

As appears by the tables above referred to, the gross earnings from all business, state, inter-state, express and miscellaneous, in the State of North Dakota for the year ending June 30, 1897, were \$76,092.12. The entire state or local earnings from freight, passengers, express, mail and miscellaneous for the State of North Dakota for the same year were \$26,434.94. The purely local earnings in North Dakota were, therefore, 35.64 per cent. of the whole earnings in the state. Applying the percentage of operating expenses of the system for the year ending June 30, 1896, to the local earnings in North Dakota for the same period, we have the following result:

Gross earnings, local to the state.....\$26,434 94
Operating expenses, same as the system, 60.21 per cent.. 15,916 48

Net earnings on all local business in North Dakota for
the year ending June 30, 1896.....\$10,518 46

For the year ending June 30, 1897.

As appears by the tables above referred to, the gross earnings from all business, state, inter-state, express and miscellaneous, in the State of North Dakota for the year ending June 30, 1897, were \$114,202.89. The entire state or local earnings from freight, passengers, express, mail and miscellaneous, for the State of North Dakota for the same year were \$24,839.35. The purely local earnings in North Dakota for that year were, therefore, 21.75 per cent. of the whole earnings in the state. Applying the percentage of operating expenses of the system for the year ending June 30, 1897, to the local earnings in North Dakota for the same period, we have the following result:

Gross earnings, local to the state.....\$24,839 35
Operating expenses, same as the system, 60.94 per cent.. 15,137 10

Net earnings on all local business in North Dakota for
the year ending June 30, 1897.....\$ 9,702 25

For the entire four years.

As appears by the tables above referred to, the aggregate gross earnings from all business, state, inter-state, express and miscellaneous, in the State of North Dakota for the four years ending June 30, 1897, were \$318,912.90. The aggregate state or local earn-

ings from freight, passengers, express, mail and miscellaneous, for the State of North Dakota for the same period was \$95,694.95.

We have, therefore, the following result:

Aggregate gross earnings, local to the state.....	\$95,694	95
Operating expenses.....	59,200	11
Net earnings on all local business in North Dakota for the four years ending June 30, 1897.....	36,494	84
Average net earnings for each of the four years.....	9,123	71

II.

Results in North Dakota under the second method, namely, applying the estimates of experts as to the relative cost of doing local business.

In the tables last above we have assumed that the expense of conducting local business in North Dakota is the same as the general operating expense of the system. We have done this to show that in no possible view of the case can the complainant earn any substantial revenue upon its local business in North Dakota. The system operating expenses include the expense of all kinds of business, local and through.

All experts agree that the relative cost of handling local business is very largely in excess of that of handling through business. Indeed, it has become a settled principle of railway operation that the shorter the haul the greater is the proportion of expense to the amount earned.

In *Smyth v. Ames*, supra, and in the same case at the Circuit, before Justice Brewer, 64 Fed. Rep., 165, great stress was laid upon this important fact.

W. G. Collins, general manager of complainant's road, says it costs two or three times as much to do the local as the through business. (Rec., 67.)

A. J. Earling, second vice president, says, for fair volume of business, the cost is two times as great, and that in North Dakota, where the volume of business is very light, the cost is four to six times as great, and he explains at length why this is so. (Rec., 167 et seq.)

W. H. Truesdale, vice-president and general manager of the Chicago, Rock Island and Pacific Railway, says the cost is two to three times as great, and says that in the opinion of many experts it is four to five times as great. (Rec., 126.)

George B. Harris, vice-president of the Chicago, Burlington and Quincy Railroad Company, says it costs at least three times as much to conduct the local as the through business. (Rec., 147.)

All witnesses agree in saying that the smaller the business the greater is the relative expense of conducting it. This must be true, because many items of expense, such as maintenance of way, administration, etc., will be practically the same whether the business is great or small.

When a train is loaded to its full capacity, the relative expense in proportion to the earnings of running that train must be much less than if it is only half loaded. All this is fully explained in the testimony of the witnesses, just named.

We quote from the record, as follows:

"Q. Mr. Truesdale, why does local business cost more to conduct than through business in proportion to the revenues derived from it?

"A. It is without doubt a fact that the minimum cost of transportation of freight or passengers can be secured only when it is possible for a railway company to load its engines to the capacity they can haul, and move such loads over the entire length of their respective lines. This is not possible in handling what is generally classed as local business. As a rule, the train has to be run from one-third to one-half lighter than the engine can haul, as the train-load is, as a rule, picked up and disposed of from station to station, as is frequently the case. When they start a local train from the terminus of the division, with approximately a full load, by the time it has got to the end of that division it has distributed all its freight; there may be nothing but a single car with a few hundred pounds of freight left. Or, returning, start the same way with a small train of a few hundred pounds; average up what it hauls, it is substantially no more than one-half a train, probably not more than one-third. Of course, the expense of switching about stations and handling local business is greater than freight in a through train going right through all stations without stopping or switching. There are more or less personal injuries due—a very large percentage of them—to handling of freight in switching about local points and in numerous ways. The expense of handling that particular part of the railroad business is much greater than in handling through business in trains that only stop for coal and water between the division termini. There is some additional expense always in the matter of the paying of wages to engine and trainmen. As a rule, on local trains, so-called, men are paid about ten per cent more than on through trains. So, if you figure it all up and take the unit of traffic which it runs for one mile, the cost of transacting local business is easily two or three times as great as the through traffic.

"Q. Is there any appreciable difference in the expense for fuel in

running a local train and in running a through train, when all of the elements connected with the two kinds of service are considered?

"A. It costs more per ton hauled for a mile for fuel in handling local freight than it does per ton per mile in handling through freight—probably the cost per through train mile, when an engine is loaded down with its full train, would be more for a through train than a local train going a hundred miles; with a local train and half a load you would probably burn more coal than a through train that has its full load. A local train makes stops and performs switching and consumes much longer time in making the trip of one hundred miles." (Testimony of W. H. Truesdale, Rec. 127, 128.)

Vice-President Earling testified:

"Q. Have you ever had occasion to consider the relations that the conducting of through business bears to the conducting of local business, in respect to the expense as compared with the earnings?

"A. I am constantly watching and looking after that part of the business to see: first, that all locomotives passing over the road engaged in freight service are loaded as near to their capacity as the volume of traffic on the different lines will permit, because only in that way can a road be operated at the minimum of cost: wherever trains are run over the road light, and the engines are only loaded partly to their capacity, the operation is not as economical as it would be if the engines are loaded to their full capacity; because the expense for wages are precisely the same; they are no more with a full train than with a light train; it costs but little more for fuel to haul a full train over the road than it does to haul a light train; therefore, it is the constant endeavor of the officers of the road engaged in the transportation department to see that the engines are loaded to their capacity, where the volume of traffic is such that it can be done. We have a great many lines where the volume of traffic is very light, but still we are required to run at least one train a day, sometimes only three times a week, but even then the number of cars or the number of tons of freight per train is so far below the number of tons in a train where business is heavier that the operating expenses are very much larger in proportion to the earnings than they are on lines where there is a heavier traffic.

"Q. Are you able to give an estimate of the difference in expense of conducting local and through business in proportion to the earnings received?

"A. Yes, sir; I will first consider lines upon which there is only a local business done, and I will assume that the volume of business

on such line is fair; in that case, it would cost at least twice as much to do the local business as it would to do the through business; on lines, however, such as we have in North Dakota where the volume of business is very light, it would cost from four to five times as much as it would to do the through business.

"Q. In proportion to the earnings?

"A. Yes, in proportion to the earnings. The reason is this. There is not enough traffic on those lines to load the locomotives to their capacity. After passing over the whole line, they arrive at destination less than a full train. In starting out—we will assume from Fargo to Ortonville—a train starts from Fargo with perhaps one or two cars, and by the time it reaches Ortonville, which is the end of its run, it probably has picked up enough freight to constitute one-half a load for that locomotive. Hence, the train has passed over the road with a tonnage equivalent to no more than 25 per cent. of a full load; for nine months of the year it would pass over the road with a tonnage equal to not more than 15 per cent. of a full train; therefore, you have hauled only 20 to 25 per cent. of a full load, and for that reason it costs from four to five times as much in proportion to the earnings as it would cost if there had been a full load all the way.

"Q. Mr. Earling, I wish you would define local business and through business as you have used the terms in your answer?

"A. By local business I mean that which is picked up and set out, and where we do not have full trains. By through business I mean where the locomotives are loaded to their full capacity from the starting point to the ends of their runs.

"Q. Are there any through trains run in North Dakota—through freight trains or through trains of any kind?

"A. No, sir.

"Q. Within the definition you have given?

"A. No, sir.

"Q. Why are they not?

"A. Because the volume of traffic is very light—not sufficient to run through trains."

On cross-examination Mr. Earling testified:

"Q. Didn't you give a figure—you spoke of all your lines generally?

"A. I said where the local traffic on certain lines is fairly good it would cost at least twice as much to do that local traffic as it would to handle through traffic in proportion to the earnings, but where the traffic is very light, as it is in North Dakota, it would cost at least four or five times as much." (Rec., 166, 167, 168, 169.)

Vice-President Harris testified:

"Q. Have you, during the time you have been engaged in the railway business, had occasion to consider the question of the relative expense compared with earnings of conducting local and through business?

"A. Yes, I have paid attention to that as well as many other things.

"Q. How do they compare?

"A. I think the local business is much more expensive always.

"Q. Mr. Harris, in your opinion, how much more expensive is local business than through business in proportion to the revenues derived?

"A. I have no doubt that the local business costs three times as much as the through business to conduct, when all the elements are taken into consideration—the loading, the practicability of loading and the revenue derived from the business.

"Q. Mr. Harris, state why it costs more in proportion to the earnings to conduct local than it does to conduct through business?

"A. The expense of running local trains is greater, because in the first place as a rule—a pretty universal rule—the wages are greater, the engines are unable to haul all their rating, owing to the necessity of picking up and setting out loads here and there. The wear and tear on frogs, switches and rails is greater at stations than on the main line—one item of that greater expense which is pretty universally recognized—we are forced to recognize it in our contracts with rolling mills for steel; as a rule the rolling mills refuse to guarantee rails laid at stations, whereas they do guarantee other rails for five years.

"Q. Why do they not guarantee them at stations?

"A. Well, for the reason that engines and trains switching and shifting about, there is a great deal more wear than where they are simply passing over them.

"Q. In what respect is the conducting of through business cheaper, and why is it cheaper, in proportion to the through business to local?

"A. The through trains, as a rule, are able to take their loads and run through with them, making only stops as are necessary to meet and pass other trains on the road; whereas the local trains, taking a greater time, the wear and tear is greater, more cars as a rule are injured and broken up in the local service than in the through service; the risk of casualty to employes and property is greater and the revenues derived from the service is, as a rule, much less.

"Q. The tonnage is less also, is it not?

"A. The tonnage is very much less, and the revenues derived are usually less." (Rec., 147, 148, 149.)

W. G. Collins, general manager, testified:

"Q. Is the expense of conducting traffic greater or less in sparsely settled regions, where the business is light, greater or less in proportion to the earnings?

"A. It is greater, for the reason that the cost of the train service for the trains that are run, and the station service is practically the same, with two exceptions that I have stated; that is, in the coal consumption and slight increase in maintenance of track; and the amount of business handled on these trains is less. Therefore, the earnings are less while the expenses remain about the same.

* * * * *

"Q. What is the principal element in determining whether a given train can or cannot earn money?

"A. The amount or traffic that is handled by the train.

"Q. The tonnage?

"A. Tonnage of the number of passengers.

"Q. If it is a passenger train?

"A. If it is a passenger train. As an illustration: Take what is called our Harlem line, starting in South Dakota and running in North Dakota; we have a tri-weekly service on that line, and I have no hesitancy in saying that the engine and crews that are there could handle all the business there is to do on that line if it ran once a week, once in ten days or certainly once a week, but if we have to run it, at least we do run it tri-weekly, hauling small loads and making small earnings; but the expenses for each trip is just the same practically whether it goes with few cars or goes with a train that is the capacity of the engine.

"Q. Is the business on the North Dakota lines heavy or light?

"A. It is very light; there is a certain season of the year, after the crops are harvested, say two or three months, when the business is heavier than it is the other nine months of the year. During September, October, November and perhaps December, it requires more train service to handle the business than is ordinarily used in the handling of the traffic, but not very much. It is only occasionally we are required to run any extra trains on our North Dakota lines." (Rec., 69, 70.)

It appears from the testimony that operating expenses are divided into transportation expenses, maintenance of roadway, tracks and buildings, maintenance of equipment, administration expenses, taxes, and perhaps some other elements. Transportation expenses are sometimes called "expenses of conducting transportation," and

it appears that the expense of conducting transportation is usually from 40 to 45 per cent of the entire operating expenses.

(Testimony of W. H. Truesdale, Rec. 371.)

Mr. Earling puts the cost of conducting transportation at 40 per cent of the total expenses, and testifies that this transportation expense of conducting local or state business in North Dakota would be five or six times as great as for through business at least, and at least three times as much as for conducting the entire business for the system, local and through combined. (Rec., 360.)

These estimates of Mr. Earling and Mr. Truesdale are as is all their testimony, exceedingly conservative. As a matter of fact, for the four years we have been considering, instead of being from 40 per cent to 45 per cent, the actual percentage upon complainant's system was:

For the year ending June 30, 1894.....	47.83 per cent of entire expenses
For the year ending June 30, 1895.....	48.98 per cent of entire expenses
For the year ending June 30, 1896.....	46.26 per cent of entire expenses
For the year ending June 30, 1897.....	45.62 per cent of entire expenses
Average for the four years.....	47.14 per cent of entire expenses

(Exhibit 6, Rec., 50.)

These computations have been arrived at in the following manner:

For the year ending June 30, 1894, the total operating expenses of the system were\$20,114,332 65
Cost of conducting transportation 9,621,026 93
which is 47.83 per cent of the entire operating expenses.

For the year ending June 30, 1895, the total operating expenses were\$17,043,753 09
Cost of conducting transportation 8,348,158 08
which is 48.98 per cent of the entire operating expenses.

For the year ending June 30, 1896, the total operating expenses were\$19,676,808 04
Cost of conducting transportation 9,102,785 46
which is 46.26 per cent of the entire operating expenses.

For the year ending June 30, 1897, the total operating expenses were\$18,577,539 08
Cost of conducting transportation 8,475,313 40
which is 45.62 per cent of the entire operating expenses.

The average cost of conducting transportation for the four years was 47.14 per cent of the entire operating expenses.

These percentages are the actual figures taken from the books of the company, and, as we have seen, are considerably above instead of below the estimates of the experts.

Knowing what part of the operating expenses is necessary for the cost of conducting transportation, we can easily determine what proportion of the entire earnings is devoted to that single item: for the operating expenses are a certain percentage of the gross earnings, and the cost of conducting transportation is a certain percentage of the operating expenses; that is to say, we have only to compute a percentage upon a percentage.

For the year ending June 30, 1894, this expense of conducting transportation was 47.83 per cent of the entire operating expense, which was 64.21 per cent, making the cost of conducting transportation for that year 30.71 per cent of the entire earnings.

For the year ending June 30, 1895, it was 48.98 per cent of the entire operating expense, which was 62.35 per cent, making the cost of conducting transportation for that year 30.54 per cent of the entire earnings.

For the year ending June 30, 1896, it was 45.62 per cent of the entire operating expense, which was 60.21 per cent, making the cost of conducting transportation for that year 27.85 per cent of the entire earnings.

For the year ending June 30, 1897, it was 45.63 per cent of the entire operating expense, which was 60.94 per cent, making the cost of conducting transportation for that year 27.80 per cent of the entire earnings.

The average for the four years was 47.14 per cent of the entire operating expense, which for that period was 61.90 per cent, making the average cost of conducting transportation 29.18 per cent of the entire earnings.

We now apply these figures to the local traffic in North Dakota upon the assumption that the cost of conducting transportation is only double the average of the system, although it is plain from the evidence that it is much more than that, and find that:

For the year ending June 30, 1894, the average cost of conducting transportation upon the system was 30.71 per cent of the entire earnings, leaving 33.50 per cent for all other operating expenses of the system.

For the year ending June 30, 1895, the average cost of conducting transportation upon the system was 30.54 per cent of the entire earnings, leaving 31.81 per cent for all other operating expenses of the system.

For the year ending June 30, 1896, the average cost of conducting transportation upon the system was 27.85 per cent of the entire earnings, leaving 32.36 per cent for all other operating expenses of the system.

For the year ending June 30, 1897, the average cost of conduct-

ing transportation upon the system was 27.80 per cent of the entire earnings, leaving 33.14 per cent for all other operating expenses of the system.

Inasmuch as the cost of conducting transportation on local business in North Dakota is at least twice as much as the average of the system, the actual percentage for conducting transportation in local business in North Dakota, in proportion to the entire earnings in that state was:

For the year ending June 30, 1894, 30.71 per cent x 2--	61.42 per cent of entire earnings
Add remaining expense.....	33.50 per cent of entire earnings
And we have as the total operating expenses in North Dakota on local business.....	94.92 per cent of entire earnings

Making similar computations for the remaining three years, we obtain the following results:

The per cent of expense to earnings upon local business in North Dakota was:

For the year ending June 30, 1895	92.89 per cent
For the year ending June 30, 1896	88.06 per cent
For the year ending June 30, 1897	88.74 per cent
And the average for the four years was	91.08 per cent

There is no doubt under the testimony that these percentages are considerably less than the real expenses incurred in conducting the local business of North Dakota. We shall later point out why this must necessarily be so.

We now apply the foregoing percentages of operating expenses to the gross local earnings of complainant in North Dakota for each of the four years, and obtain the following results:

The gross local earnings in North Dakota for the year ending June 30, 1894, were	\$24,207 07
Deducting operating expenses, 94.92 per cent.....	22,977 35

Leaving net earnings upon local business for that year	\$ 1,229 72
The gross local earnings in North Dakota for the year ending June 30, 1895, were	\$20,213 59
Deducting operating expenses, 92.89 per cent	18,776 40

Leaving net earnings upon local business for that year	\$ 1,437 19
The gross local earnings in North Dakota for the year ending June 30, 1896, were	\$26,434 94
Deducting operating expenses, 88.06 per cent	23,278 61

Leaving net earnings upon local business for that year	\$ 3,156 33
--	-------------

The gross local earnings in North Dakota for the year ending June 30, 1897, were	\$24,839 35
Deducting operating expenses, 88.74 per cent	22,042 44

Leaving net earnings upon local business for that year	\$ 2,796 91
The gross local earnings in North Dakota for the four years were	\$95,694 95
Deducting the operating expenses	87,074 80

Leaving the net earnings for the four years upon local business	\$ 8,620 15
Average net earnings upon local business for each of the four years	\$ 2,155 04

III.

RESULTS IN NORTH DAKOTA UNDER THE THIRD METHOD OF ASCERTAINING LOCAL OPERATING EXPENSES, NAMELY, THE TRAIN MILEAGE BASIS.

We have mentioned the difficulty of estimating with entire accuracy the operating expenses upon local business, or business entirely within the state. This difficulty has always been recognized, and was discussed by the annual convention of railroad commissioners of the United States, held at Washington, May 14 and 15, 1895. A committee was appointed to consider the question, and it thereafter submitted its report. The reason for the convention taking up the question was the desirability of having a uniform system of reports to state boards of commissioners. The recommendation of the convention has been adopted by the complainant company in its reports to state boards. This recommendation was embodied in a resolution, as follows:

"(4) The operating expenses shall be charged to each state on the basis of train mileage in such state." (Record, pages 217, 218).

Manifestly, the train mileage basis of estimating local operating expenses cannot show a correct result, unless the train mileage in a given state is about the average of the train mileage outside of the state. This is made very plain from the testimony of Mr. Winne, page 218, and Mr. Earling, page 362. The train mileage basis of computing operating expenses makes them appear much lower in North Dakota than they really are, and the same would be true in any state, or upon any line, where the volume of business is very light and the trains only partially loaded. A train running empty is nevertheless a train, and counts on a train mileage basis

the same as though it were loaded to the hauling capacity of its engine.

It is probable that the recommendation of the convention of railroad commissioners was, taking one state with another, as good a method as has yet been devised for approximating the operating expenses in different states through which a railroad runs. Where the business in a state, or upon any line under consideration, is about the same as the average business elsewhere on the system, the train mileage basis is a fairly correct one; but in states where the business is larger than the average, and in states where it is smaller than the average, it is incorrect. In the one case it will make the operating expenses appear to be higher than they really are, and in the other case it will make them appear to be lower than they really are.

We now call the attention of the court to the tables submitted by the general auditor showing the percentage to earnings computed upon the train mileage basis for North Dakota. It was:

For the year ending June 30, 1894	98.00 per cent
For the year ending June 30, 1895	93.80 per cent
For the year ending June 30, 1896	131.39 per cent
For the year ending June 30, 1897	68.61 per cent

We now apply the foregoing percentages, arrived at upon a train mileage basis, to the gross local earnings in North Dakota for each of the four years, and obtain the following results:

The gross local earnings in North Dakota for the year ending June 30, 1894, were.....	\$24,207 07
Deduct operating expenses, 98 per cent.....	23,722 93

Leaving net earnings for that year	\$ 484 14
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The gross local earnings in North Dakota for the year ending June 30, 1895, were.....	\$20,213 59
Deduct operating expenses, 93.80 per cent	18,960 35

Leaving net earnings for that year	\$ 1,253 24
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The gross local earnings in North Dakota for the year ending June 30, 1896, were.....	\$26,434 94
Deduct operating expenses, 131.39 per cent.....	34,732 87
Deficit	\$ 8,297 93

The gross local earnings in North Dakota for the year
 ending June 30, 1897, were.....\$24,839 35
 Deduct operating expenses, 68.61 per cent..... 17,041 90

Leaving the net earnings for that year.....\$ 7,797 45
 The gross local earnings in North Dakota for the four
 years were\$95,694 95.
 Deduct operating expenses 94,458 05

Leaving the net earnings for the four years upon
 local business\$ 1,236 90
 Average net earnings of the four years 309 23.

IV.

THE RESULTS IN NORTH DAKOTA UNDER THE FOURTH
 METHOD OF COMPUTING OPERATING EXPENSES,
 NAMELY, THE ACTUAL EXPENSE AS TESTIFIED TO
 BY GENERAL MANAGER COLLINS.

We have given the results of operation in North Dakota for four years, under three different methods of computing local operating expenses. None of them show any substantial reward to complainant for performing service as a carrier.

We now invite the court to consider the operating expenses in North Dakota for the year ending June 30, 1897, as testified to by Mr. W. G. Collins, general manager of complainant. He has compiled a table, which appears as Exhibit 9 (Rec., 73), in which he gives the items of expense incurred and paid during the year ending June 30, 1897, in the operations of the lines in North Dakota. Many of the items are actual, and all of them are the result of the most careful consideration and examination by a witness who is thoroughly competent and honest. As to all items which are not the actual amounts expended, his estimates are based upon knowledge and experience. To quote from his testimony (Rec., 71 et seq.):

Q. State whether that amount (referring to Exhibit 9) truly and correctly gives the amount paid out by this company for the fiscal year ending June 30, 1897, in the state of North Dakota for the different items enumerated in that statement?

A. Yes, sir; in many cases it represents the actual amount paid out. In other cases it represents what, from our knowledge and experience of the cost of maintaining the track, structures, buildings, etc., would be the average cost of maintaining those structures for one year in the state of North Dakota. Other items are

based on the cost to the company of repairing its locomotives, for instance, per mile, and repairs to locomotives used in North Dakota, and charged on the same basis per mile as other locomotives; the cost of repairing cars is arrived at in the same way.

Q. In the operation and maintenance of a railway are the officers, or do the officers, keep statistics and figures, based on experience of conducting the business year after year so that they may be enabled to estimate with almost complete accuracy the expenditures on any given part of the road, or any given portion of the equipment or facilities or property of the road?

A. Yes, sir; a great many statistics are kept in regard to various expenditures; in addition, the officers who have spent years in the service have a knowledge gained from experience to guide them to decide upon the question of renewals, replacements, etc. Those are not entirely a matter of statistics, they are a matter of necessity and in some cases of judgment.

On cross-examination, Mr. Collins went into each item upon which he was interrogated, and showed with perfect clearness that his testimony more nearly indicated the actual operating expenses in North Dakota than the computations under any of the three methods heretofore discussed. No competent railroad man acquainted with the conditions under which the lines in North Dakota are operated would expect them to earn much, if anything, over operating expenses. They never have even done that.

We quote from the testimony of Vice-President Earling:

"The expense for conducting the local business in North Dakota always has been, and is now and probably always will be, until the volume of traffic is very much larger than it is now—much more than the gross amount for doing the business—received for doing—gross revenue derived from doing it. It costs more than 100 per cent to do the state business of North Dakota, and the state business of this company in North Dakota has always been done at a loss. The total revenue derived from freight and passenger business together is not sufficient to pay the expense of conducting it." (Rec., 360.)

On cross-examination, Mr. Earling testified:

Q. Considering the income of your road from both local business in the state of North Dakota and interstate business, do you mean to say that your branches are operated at a loss in the state of North Dakota?

A. Without doubt. The earnings from both state and interstate business on our North Dakota lines are not sufficient to pay the expenses.

Q. That is, when you apportion the interstate earnings upon the mileage basis which you have mentioned?

A. Either upon apportioning them upon that basis or upon the actual cost. If they were apportioned upon the actual cost the loss shown would be still greater, because the train mileage basis is not a fair basis in this case, for the reason that the business of North Dakota is so much lighter than on the balance of the system." (Rec., 365.)

Mr. W. H. Truesdale, vice-president of the Chicago, Rock Island & Pacific Railway, having been given the actual gross earnings on local business in North Dakota for the four years in question, testified:

Q. If the operating expenses of the Chicago, Milwaukee & St. Paul Railway system amount to 60 per cent of the gross earnings, what would you estimate the operating expenses for carrying on the local or state traffic in North Dakota to be?

A. I should think that it was easily more than 100 per cent; I think the transportation expenses alone would aggregate 100 per cent very closely. There are certain other expenses that would relatively increase where the business was light—take anything that is worn out by reason of the elements—ties, bridges, buildings, things of that kind. Where the traffic is lighter and the earnings lighter, the percentage of that expense to the gross earnings is much increased.

Q. As well as the transportation?

A. As well as the transportation. Take the item of renewal of ties and bridge building, stock yards, stations and platforms. Supposing on the line where the gross earnings are \$100,000 that expenses for one year were \$10,000, that would be 10 per cent; if the business of that line were \$50,000, that expense would be 20 per cent of the gross. So that where the business is light—lighter than the average—it is not only the percentage of transportation expenses, but the percentage of that character of expense is increased very materially. (Rec., 373.)

No better illustration of the accuracy of Mr. Collins' statement as to the lightness of the business in North Dakota could be found than is afforded by the following table of freight and passenger earnings on each of the three lines, as shown in Exhibit 21 (Rec., 273):

CHICAGO, MILWAUKEE AND ST. PAUL RAILWAY COMPANY LOCAL FREIGHT AND
PASSENGER EARNINGS IN NORTH DAKOTA—FOUR YEARS, ENDING JUNE
30, 1897,

HASTINGS & DAKOTA DIVISION—HARLEM LINE.

	Local Freight Earnings	Local Passenger Earnings	Total
Year ending June 30, 1894.....	\$ 9 66	\$ 985 60	\$ 995 26
Year ending June 30, 1895.....	23 07	779 61	802 68
Year ending June 30, 1896.....	32 05	189 54	221 59
Year ending June 30, 1897.....	22 48	159 26	181 74
Total.....	\$ 87 26	\$ 2,114 01	\$ 2,201 27

FARGO DIVISION.

	\$	\$	\$
Year ending June 30, 1894.....	3,540 28	10,279 04	13,819 32
Year ending June 30, 1895.....	3,417 46	10,038 00	13,455 46
Year ending June 30, 1896.....	4,304 37	15,464 90	19,669 27
Year ending June 30, 1897.....	4,972 87	14,216 04	19,188 91
Total.....	\$ 16,134 98	\$ 49,997 98	\$ 66,132 96

JAMES RIVER DIVISION—ELLENDALE LINE.

	\$	\$	\$
Year ending June 30, 1894.....	848 75	1,943 43	2,792 18
Year ending June 30, 1895.....	489 00	1,749 69	2,238 69
Year ending June 30, 1896.....	733 93	2,161 91	2,895 84
Year ending June 30, 1897.....	807 75	2,017 09	2,824 84
Total.....	\$ 2,879 43	\$ 7,872 12	\$ 10,751 55

It discloses that the gross earnings on freight traffic upon the Harlem line for the year ending June 30, 1894, were only..\$ 9 66
For the year ending June 30, 1895 23 07
For the year ending June 30, 1896 32 05
For the year ending June 30, 1897 22 48

A grand total for the four years of\$37 26
The Fargo division for the entire four years on local
freight traffic earned\$16,134 98
The Ellendale line for the same period earned 2,879 43
The passenger traffic was much larger, but the aggregate of the
local freight and passenger traffic for the four years:
On the Harlem line was only\$ 2,201 27
On the Fargo line 66,132 96
On the Ellendale line 10,751 55

This testimony harmonizes with, and strongly emphasizes, the figures of General Manager Collins. His table is made up for the year ending June 30, 1897, and shows an actual deficit for that year, notwithstanding the gross earnings were the highest of any of the four years we have been considering. The figures are as follows:

The gross earnings from all sources for the year ending

June 30, 1897, were\$114,202 89

To earn this sum it required, according to General Man-

ager Collins, an expenditure of 120,889 54

Making a deficit of about\$ 6,686 65

This computation, the court will observe, includes all earnings, state, interstate, mail, express and miscellaneous, for the state of North Dakota.

The gross earnings, derived from all local business done

in North Dakota for the year ending June 30, 1897,

were\$24,839 35

The local earnings for that year were 21.75 per cent of all earnings for the same period.

Deducting 21.75 per cent of the expenses of operation, as

shown by General Manager Collins' statement\$26,293 47

and it appears that the expenses of conducting the purely local business of North Dakota for the year ending June 30, 1897, were \$1,454.12 in excess of the gross earnings from such business.

These figures are strictly applicable only to the year ending June 30, 1897, but they are an indication of what the result would be if similar tables had been made for the other years. This did not seem to be necessary to illustrate the fact that the actual operating expenses are larger than they appear under any of the other methods.

The great fact that appears everywhere in the testimony is that in proportion to the earnings in North Dakota, the expenses are, and necessarily must be, very high. It is also true that the smaller the business, the greater will be the expense of doing it, and the less reward will be left for the carrier. This principle is axiomatic, and must be readily appreciated without the aid of testimony. The exceeding leanness of earnings derived from all classes of business upon complainant's lines in North Dakota is well illustrated by comparing them with the average earnings per mile of the system. Making computations from the tables previously referred to, it appears that

The gross earnings of the system from all sources for

the year ending June 30, 1894, were, per mile\$ 5,096 40

While from all sources in North Dakota, for the same

period, they were, per mile 581.01

Therefore the average of gross earnings per mile in North Dakota, to the average per mile of the system for such year, was 11.40 per cent.

The gross earnings of the system from all sources for the year ending June 30, 1895, were, per mile\$ 4,438 03
 While from all sources in North Dakota, for the same period, they were, per mile 507 03
 Therefore the average of gross earnings per mile in North Dakota, to the average per mile of the system for such year, was 11.42 per cent.

The gross earnings of the system from all sources for the year ending June 30, 1896, were, per mile,\$ 5,311 29
 While from all sources in North Dakota, for the same period, they were, per mile 643 70
 Therefore the average of gross earnings per mile in North Dakota, to the average per mile of the system for such year, was 12.12 per cent.

The gross earnings of the system from all sources for the year ending June 30, 1897, were, per mile\$ 4,955 14
 While from all sources in North Dakota, for the same period, they were, per mile 966 10
 Therefore the average of gross earnings per mile in North Dakota, to the average per mile of the system for such year, was 19.50 per cent.

The average gross earnings of the system for the four years were, per mile\$ 4,950 06
 The average for North Dakota for the four years was, per mile 674 46

Average gross earnings of the North Dakota lines to the average of the system for the four years, 13.63 per cent.

In other words, if we represent the average gross earnings of the system per mile for the four years by the sum of \$100, the like average for North Dakota for all business for the period is only \$13.63.

Not only is the business which is strictly local to North Dakota transacted at an unusually high percentage of expense, but the same is true of all North Dakota business, interstate as well as state. There are no through trains (as that term is understood) in that state—no trains doing an exclusively through business, made up at some terminal and running through to their destination without stopping to transact any other business. All the trains in North Dakota are engaged in both state and interstate traffic, and whether local to the state or not, are local as the term is understood in railway operation.

COMPLAINANT'S INVESTMENT, OR THE VALUE OF ITS
PROPERTY EMPLOYED IN LOCAL BUSINESS
IN NORTH DAKOTA.

We have shown the earnings of complainant upon its local or state business in North Dakota, and have shown its operating expenses; that is to say, how much it has had to pay out in order to earn the sums so received from its local traffic. We have shown these operating expenses under four different methods, producing different results, but each of which shows that after the operating expenses have been paid, the net local earnings are either very small or less than nothing. It now remains to consider what return, if any, the complainant has been able to realize upon its property or upon its invested capital.

It is first entitled to reimbursement for the sums actually paid out by it in performing the service. These sums are "operating expenses," and are paid out contemporaneously with the service performed and as a part of it. Without the payment of these expenses the service could not be performed at all, and there could be neither earnings nor profits.

But the carrier is entitled to something more than the privilege of getting back its operating expenses. It is entitled to what Chief Justice Waite, in Railroad Commissions cases, 116 U. S., 307, aptly calls reward. We are thus brought to the inquiry whether, under the existing rates, complainant is enabled to obtain a reasonable reward, or any reward, for the service it performs and for the investment it has laid out in the property, or would be required to lay out in order to reproduce it. The question then is: What is the value of the property upon which complainant is entitled to receive a reward, and how are we to ascertain and determine that value? We know its state earnings and have ascertained approximately its state operating expenses. We are now to ascertain what proportion of the value of its property in North Dakota fairly represents its investment for the carrying on of its state traffic.

We must first determine the entire value of the North Dakota lines, and then assign, as being devoted to local business in that state, the proportion which the local earnings bear to all the earnings of those lines. In ascertaining this total value the Supreme Court has said that there may be taken into consideration original cost, cost of reproduction, stock and bonded indebtedness, and earning capacity. Justice Harlan's language is:

"We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the

property being used by it for the convenience of the public. And in order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original, cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original, cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case."

Smyth v. Ames, 169 U. S., 546-7.

We shall eliminate all inconclusive elements which might enter into the discussion and plant ourselves squarely upon the cost of reproduction or present actual value of complainant's property in North Dakota. The present actual value, as shown by the evidence of Chief Engineer Whittemore, is not very materially questioned by the defendants, and the values submitted by them are not widely different from his estimates.

The present actual value or cost of reproduction, as shown by the detailed estimates of Chief Engineer Whittemore, is found in Exhibits 24, 25 and 26. (Rec., 316, 320, 324.)

Mr. Whittemore possesses peculiar qualifications for making a safe and accurate estimate. He has been in complainant's service as its chief engineer for thirty-five years, during which time its railroad has grown from a line connecting Milwaukee with La Crosse, to a system comprising over 6,000 miles of track and crossing or penetrating eight states. He has devoted his life to engineering, and his experience has been of the widest. His election as president of the Society of American Civil Engineers attests his eminence in his profession, and the fair and conservative manner of giving his testimony shows the well-founded reliance which may be placed upon his conclusions.

His evidence shows cost of reproduction, with equipment, as follows:

Harlem line, 17.20 miles, at \$14,097.96 per mile.....	\$ 242,480 27
Ellendale line, 31.61 miles, at \$15,676.69 per mile.....	495,540 17
Fargo line, 69.40 miles, at \$14,906.69 per mile.....	1,034,524 29

Total.....	\$1,772,544 73
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Defendant's testimony, by their witness A. W. Edwards, formerly secretary and treasurer of the Fargo and Southern Railway, puts the original cost of construction and equipment of that line

at \$11,815.46 per mile. On the question of cost of reproduction, another witness, A. J. Edwards, testified that the Fargo and Southwestern line could be reproduced, including equipment, for \$10,362 per mile, but his evidence was not based upon any actual survey of the road, other than that gained by riding over the same upon trains. He had no profile, and relied almost entirely upon the data contained in the report to the Minnesota Commissioners for the year 1885. He took no account of the improvements and betterments made by the complainant since its acquisition of the property thirteen years ago. His general incompetency as an expert civil engineer is thoroughly established in his testimony upon cross-examination.

Defendant's testimony refers only to Fargo and Southern, and is silent as to the cost of reproducing the Harlem and Ellendale branches. The testimony of Mr. Whittemore, therefore, is the only evidence in the record as to the value of those lines, and seems to have been accepted by defendants as their fair valuation.

The case, therefore, stands thus:

Present value or cost of reproduction of the three lines as shown by complainant's testimony.....	\$1,772,544 73
Or an average for the three lines of, per mile.....	14,994 87
Defendant's estimate of the Fargo line.....	819,992 92
Value of Harlem and Ellendale lines as shown by complainant's testimony and admitted or not questioned by defendants.....	738,020 44
Total.....	\$1,558,013 36
Or an average of \$13,180.05 per mile.	

SUMMARY.

	Entire Lines in North Dakota	Per Mile
Complainant's estimate.....	\$1,772,544 73	\$14,994 87
Defendant's estimate.....	1,558,013 36	13,180 05
Difference.....	\$214,541 37	\$ 1,814 82

Having now the valuation of the North Dakota lines, as made both by complainant and defendants, it only remains to ascertain what proportion of the entire valuation should be treated as necessarily invested in the conduct of local or state business. The method pointed out by Judge Brewer in the Ames case, was to take such proportion of the total valuation as the earnings on the local business bear to the entire earnings of the lines. This proportion, of course, will vary from year to year, as the earnings vary.

The gross earnings in North Dakota from all sources for the year ending June 30, 1894, were.....	\$68,681 57
The gross earnings in North Dakota from state or local business for the same period were.....	24,207 07
Or.....	35.19 per cent
The gross earnings in North Dakota from all sources for the year ending June 30, 1895, were.....	\$59,936 32
The gross earnings in North Dakota from state or local business for the same period were.....	20,213 59
Or.....	34.69 per cent
The gross earnings in North Dakota from all sources for the year ending June 30, 1896, were.....	\$76,092 12
The gross earnings in North Dakota from state or local business for the same period were.....	26,434 94
Or.....	35.64 per cent
The gross earnings in North Dakota from all sources for the year ending June 30, 1897, were.....	\$114,202 89
The gross earnings in North Dakota from state or local business for the same period were.....	24,839 35
Or.....	21.75 per cent

Average for the four years:

Total gross earnings in North Dakota from all sources were.....	\$318,912 90
Total gross earnings in North Dakota from state or local business were.....	95,694 95
Or an average of.....	30.01 per cent

Applying these percentages to the respective valuations placed upon the entire property by complainant and defendants, we have the following results:

For the year ending June 30, 1894.

Value of property, complainant's estimate.....	\$1,772,544 73
35.19 per cent of which is.....	623,758 49
Value of property, defendants' estimate.....	1,558,013 36
35.19 per cent of which is.....	548,264 90
The net earnings on local business for that year, computed under the first method, were.....	8,663 71
Under the second method.....	1,229 72
Under the third method.....	484 14

If the net earnings for that year were \$8,663.71, as shown by the first method, then complainant earned 1.39 per cent on its estimate of the value of the property devoted to local purposes in North Dakota, and earned 1.58 per cent upon defendant's estimate.

If the net earnings were \$1,229.72, as shown by the second

method, then complainant earned less than one-fifth of 1 per cent upon its estimate, and less than one-fourth of 1 per cent upon defendants' estimate.

If net earnings for that year were 484.14, as shown by the third method, then complainant earned one-thirteenth of 1 per cent on its estimate and less than one-twelfth of 1 per cent upon defendants' estimate.

For the year ending June 30, 1895.

Value of property, complainant's estimate.....	\$1,772,544 73
34.69 per cent of which is.....	614,895 77
Value of property, defendants' estimate.....	1,558,013 36
34.69 per cent of which is.....	540,474 83
The net earnings on local business for that year, computed under the first method, were.....	7,610 42
Under the second method.....	1,437 19
Under the third method.....	1,253 24

If the net earnings for that year were \$7,610.42, as shown by the first method, then complainant earned 1.27 per cent on its estimate of the value of the property devoted to local purposes in North Dakota, and earned 1.45 per cent upon defendants' estimate.

If the net earnings were \$1,437.19, as shown by the second method, then complainant earned less than one-fourth of one per cent upon its estimate, and less than one-third of 1 per cent upon defendants' estimate.

If the net earnings for that year were \$1,253.24, as shown by the third method, then complainant earned about one-fifth of one per cent on its estimate, and less than one-fourth of 1 per cent on defendants' estimate.

For the year ending June 30, 1896.

Value of property, complainant's estimate.....	\$1,772,544 73
35.64 per cent of which is.....	631,734 94
Value of property, defendants' estimate.....	1,558,013 36
35.64 per cent of which is.....	555,275 96
The net earnings on local business for that year, com- puted under the first method, were.....	10,518 46
Under the second method.....	3,156 33
Under the third method deficit.....	8,297 93

If the net earnings for that year were \$10,518.46, as shown by the first method, then complainant earned 1.71 per cent on its estimates of the value of the property devoted to local purposes in North Dakota, and 1.94 per cent upon defendants' estimate.

If the net earnings were \$3,156.33, as shown by the second method, then complainant earned less than two-thirds of one per cent on

its estimate and about one-half of 1 per cent upon defendants' estimate.

Deficit under third method.

For the year ending June 30, 1897.

Value of property, complainant's estimate.....	\$1,772,544	73
21.75 per cent of which is.....	385,528	48
Value of property, defendants' estimate.....	1,558,013	36
21.75 per cent of which is.....	338,867	90
The net earnings on local business for that year, computed under the first method, were.....	9,702	25
Under the second method.....	2,796	91
Under the third method.....	7,797	45
Under the fourth, deficit.....	1,454	12

If the net earnings for that year were \$9,702.25, as shown by the first method, then complainant earned 2.52 per cent on its estimate of the value of the property devoted to local purposes in North Dakota, and 2.86 per cent on defendants' estimate.

If the net earnings were \$2,796.91, as shown by the second method, then complainant earned less than 1 per cent on its estimate and about three-fourths of 1 per cent on defendants' estimate.

If the net earnings for that year were \$7,797.45, as shown by the third method, then complainant earned 2.02 per cent on its estimate and 2.30 per cent on defendants' estimate.

Deficit under fourth method.

THE INEVITABLE CONCLUSION FROM THE FOREGOING FACTS.

Thus far, we have confined ourselves chiefly to an examination of the mathematics of the case. Indeed, the question is essentially a mathematical one. The law is settled that a railway company is entitled to fair and just compensation—a reasonable reward for its time, its money and its labor. The final question in the case, therefore, is whether the evidence shows that the complainant has received, under the existing rates in North Dakota, more than it justly and reasonably ought. We assert that it conclusively appears that the local traffic in North Dakota has never produced any reward to complainant, but has entailed upon it, from year to year, an actual loss.

It is not difficult to determine the gross amounts of money complainant has received, but gross amounts are not ultimate results; they are but the first factor in the computation which must be made. Knowing the amount received, the question rises up, and it is the great central question in the case. What sums of money

did the complainant necessarily pay out in earning the amounts it has received? If operating expenses were as easy of ascertainment as gross earnings, there would be no difficulty in reaching a quick solution of the problem. But for the reason already pointed out, that state traffic and inter-state traffic are handled together by the same men, upon the same trains and in the same territory, it becomes necessary to separate the operating expenses on local traffic from the operating expenses upon all traffic upon the lines in question. This we have done. We have applied four methods and shown the results under each. We now proceed to discuss those results as they appear under each method,

(1) Assuming that the operating expenses on business local to North Dakota are no more than the operating expenses in conducting the business of the system.

This is the method most favorable to defendants. It takes no note of the well-established principle of railway operation that the conduct of local business is relatively much more expensive than the conduct of through business, and that the conduct of local business upon any portion of any system of railway is more expensive than the conduct of the business of the entire system. It assumes that lines which earned during the four years, a yearly average of only \$674.46 per mile can be operated as cheaply as lines which, during the same period, earned a yearly average of \$4,950.06 per mile. It assumes that the opinions of men who have given many years of their lives to the operation of railways are erroneous when they testify that the smaller the traffic the larger is the relative expense of handling it. It assumes that the relative cost of handling a train loaded to the engine's capacity is as great as if the train was only half loaded. But, after all, the common sense and common judgment of intelligent men recognize instinctively, and without aid of expert testimony, that a large business, whether of transportation or any other, can always be done at a relatively less expense than a small one. It is upon this universal law that business men proceed when they organize large enterprises so as to do a maximum of business at a minimum of expense. It is this law that marks the distinction between wholesale and retail, and enables the large dealer to undersell the small one. The reason for this is found in the fact that the percentage of expense in conducting a large business is invariably less than in conducting a small business.

The gross business transacted by complainant in four years was more than \$121,000,000, and the average expenses were 61.90 per cent. This enormous business includes all through traffic and all

local traffic. If, then, we compare the North Dakota local business with the entire business of the system, it is obvious that the local business of North Dakota must be conducted at a relatively much greater expense than the entire business of the system, because the entire business of the system includes all the through traffic. The system average of operating expenses is clearly far too favorable to defendants, but the results obtained from it show that even upon that basis the action of defendants is wholly indefensible.

We summarize in the subjoined schedule, the percentages of reward received by complainant under each of the methods of computing operating expenses, for the four years, and the average for such years:

FIRST METHOD.

	Year Ending June 30, 1894	Year Ending June 30, 1895	Year Ending June 30, 1896	Year Ending June 30, 1897	Average Four Years
Upon complainant's valuation.....	1.38 per cent	1.27 per cent	1.71 per cent	2.52 per cent	1.64 per cent
Upon defendant's valuation.....	1.53 "	1.45 "	1.94 "	2.86 "	1.98 "

SECOND METHOD.

Upon complainant's valuation.....	Less than 1-5 of 1 per cent	Less than 1/4 of 1 per cent	Less than 1/2 of 1 per cent	Less than 1 per cent	About 2-3 of 1 per cent
Upon defendant's valuation.....	Less than 1/4 of 1 per cent	Less than 1/2 of 1 per cent	About 1/2 of 1 per cent	About 3/4 of 1 per cent	About 44-100 of 1 per cent

THIRD METHOD.

Upon complainant's valuation.....	About 1-13 of 1 per cent	Less than 1/4 of 1 per cent	Deficit	2.02 per cent	About 1-20 of 1 per cent
Upon defendant's valuation.....	About 1-12 of 1 per cent	Less than 1/4 of 1 per cent	Deficit	2.30 per cent	About 1-19 of 1 per cent

FOURTH METHOD.

Upon complainant's valuation.....	.....	.....	.....	Deficit Deficit	Deficit Deficit
Upon defendant's valuation.....	.....	.....	.....	.....	.....

As appears from the last foregoing table, the net earnings received by complainant upon its investment for the doing of local business in North Dakota, for the four years, were as follows:

For the year ending June 30, 1894.

Upon complainant's valuation of the property....1.39 per cent

Upon defendants' valuation of the property.....1.58 per cent

For the year ending June 30, 1895.

Upon complainant's valuation of the property....1.27 per cent

Upon defendants' valuation of the property.....1.45 per cent

For the year ending June 30, 1896.

Upon complainant's valuation of the property....1.71 per cent

Upon defendant's valuation of the property.....1.94 per cent

For the year ending June 30, 1897.

Upon complainant's valuation of the property....2.52 per cent

Upon defendants' valuation of the property.....2.86 per cent

And the average for the four years was:

Upon complainant's valuation of the property....1.64 per cent

Upon defendants' valuation of the property.....1.86 per cent

Thus giving the defendants the benefit of every possible claim they have asserted, or can assert, taking their own figures as to valuation, and taking the best figures they can possibly ask for as to operating expenses; in other words, making assumptions in their favor which are entirely unwarranted by the evidence and by the facts of common experience, they are forced to declare that in their opinion a reward averaging 1.86 per cent for four years is unjust and unreasonable—so unjust and unreasonable as to call for the interposition of the state to make it lower.

If complainant's valuation, as shown by the testimony, is correct, it has earned, assuming that the local operating expenses are no greater than the operating expenses of the entire system, under the first method, on an average 1.64 per cent for each of the four years. The difference between these two percentages of reward is so small as to be hardly appreciable, namely, twenty-two one-hundredths of 1 per cent. In a state where the legal rate of interest is 7 per cent and the amount allowed to be taken by contract is 12 per cent, it would seem that the sense of fairness of the commissioners might have permitted complainant to earn 1.86 per cent. The test of a lawful rate as declared by the Supreme Court, and frequently upon the Circuit, is reasonableness. Are rates which permit a railway company to earn an average of 1.86 per cent unreasonable? Unless they are, the state has no power to meddle with them. The unreasonableness of rates is the jurisdictional fact upon which the power of the commissioners to act must rest.

The evidence discloses that upon the Harlem line complainant is

paying 5 per cent interest upon a mortgage of \$18,000 per mile; that upon the Ellendale line it is paying 5 per cent interest upon a mortgage of \$15,000 per mile, and on the Fargo line it is paying 6 per cent interest upon a mortgage of \$13,000 per mile, and in addition to these three mortgages, a general mortgage of the company also covers these lines. We are not now claiming that mortgages executed by a railroad company upon its property or the rates of interest it agrees to pay are conclusive tests of the amounts of money it may rightfully claim permission to earn; but these mortgages show what rate of interest complainant is actually paying on obligations secured upon these North Dakota lines—lines upon which confessedly it is only able to earn 1.86 per cent upon the present value as estimated by the defendants themselves.

We have been discussing the results of applying what we have termed the first method to the operation of the North Dakota lines. This method, as we have said, is the most favorable that defendants can possibly claim. We now proceed to show they have no right to claim it, because it is erroneous and without support either in evidence or reason. It ignores the facts which have been made plain by the testimony and by the common knowledge of all men. Nevertheless, its results establish complainant's case beyond controversy, and plainly entitle it to the relief sought in the bill.

We next invite the court to consider the second method, namely,

(2) By applying the estimates of competent experts as to the cost of doing a local business.

We find that the net earnings received by complainant upon its investment for the doing of local business in North Dakota for the four years were as follows:

For the year ending June 30, 1894:

Upon complainant's valuation of the property,	
less than.....	1.5 of 1 per cent
Upon defendants' valuation of the property,	
less than.....	¼ of 1 per cent

For the year ending June 30, 1895:

Upon complainant's valuation of the property,	
less than.....	¼ of 1 per cent
Upon defendants' valuation of the property,	
less than.....	1.3 of 1 per cent

For the year ending June 30, 1896:

Upon complainant's valuation of the property,	
less than.....	2.3 of 1 per cent
Upon defendants' valuation of the property,	
about.....	½ of 1 per cent

For the year ending June 30, 1897:

Upon complainant's valuation of the property,
less than..... 1 per. cent

Upon defendants' valuation of the property,
about..... $\frac{3}{4}$ of 1 per cent

And the average for the four years was:

Upon complainant's valuation of the property,
about..... 2-5 of 1 per cent

Upon defendants' valuation of the property,
about..... 44-100 of 1 per cent

In reaching the results above named under the second method we have gone below the lowest estimate of any witness. Vice-President Earling testified as follows:

"Assuming, then, that forty per cent of the sixty per cent is for conducting transportation, this transportation expense of conducting local or state business of North Dakota would be five or six times as great as for through business at least, and at least three times as much as for conducting the entire business for the system—local and through combined." (Rec., 360.)

Instead of assuming it to be three times as great as for the conducting of the transportation of the system, we have assumed that it was only twice as much. We have already pointed out the distinction between transportation expenses and other operating expenses. "Transportation expense" applies particularly to the expense of operating trains, the wages of trainmen, fuel and other expenses inseparably and necessarily connected with the movement of freight and passengers. As a matter of fact, not only do transportation expenses largely increase in local business, but all the expense of operation are relatively larger. For instance: If it costs \$50 per mile to keep the roadway in repair, it is plain that the percentage of expense for that item will depend upon the amount earned per mile. Time and the elements do their destructive work whether the volume of business is large or small, and hence the percentage for renewals and repairs will be larger where the traffic is light and the earnings are small. Substantially, the only respect in which a heavy volume of traffic increases expense of maintenance is in the wearing out of rails by running numerous heavy trains over them, but so far as the waste from the elements and from natural decay is concerned, the volume of traffic cuts no appreciable figure. The less a railway company earns on any given kind of traffic, the more burdensome is the expense of carrying the traffic and the smaller is the reward.

It was this principle that was invoked in *Smyth v. Ames*, and which was one of the controlling reasons given by Mr. Justice

Brewer at the Circuit and Mr. Justice Harlan in delivering the opinion of the Supreme Court. In our computations under the first method we showed what the result would be even if local operating expenses were no more than the average expenses of the system, and that result disclosed how unjust and unreasonable was the action of defendants in establishing and promulgating the schedules complained of. How much more does this appear when we take into consideration the testimony which shows the great relative excess of operating expenses on local business over through business, and over the business of the system. Mr. Truesdale testified that assuming the operating expenses of the system to be only 60 per cent, the operating expenses on local business in North Dakota would be over 100 per cent. His language is: "I should think it (meaning operating expense) was easily more than 100 per cent. I think the transportation expenses alone would aggregate 100 per cent, very closely." (Rec., 372.)

Not only do the witnesses testify to the added expense of doing a local business as a fact, but they explain and illustrate the reason why it is so. They point out that the great essential in the economical operation of a railroad is to secure the maximum tonnage which an engine can haul upon each train that passes over the line. Mr. Earling expresses it in the following language:

"I am constantly watching and looking after that part of the business to see first that all locomotives passing over the road engaged in freight service are loaded as near to their capacity as the volume of traffic on the different lines will permit, because only in that way can a road be operated at the minimum of cost; wherever trains are run over the road light, and the engines are loaded partly to their capacity, the operation is not as economical as it would be if the engines are loaded to their full capacity, because the expense for wages are precisely the same; they are no more with a full train than with a light train; it costs but little more for fuel to haul a full train over the road than it does to haul a light train, therefore it is the constant endeavor of the officers of the road, engaged in the transportation department to see that the engines are loaded to their capacity, where the volume of traffic is such that it can be done. We have a great many lines where the volume of traffic is very light, but still we are required to run at least one train a day—sometimes only three times a week, but even then the number of cars, or the number of tons of freight per train, is so far below the number of tons in a train where business is heavier that the operating expenses are very much larger in proportion to the earnings than they are on lines where there is a heavier traffic." (Rec., 166, 167.)

It needs no testimony to show that if a railroad company has a thousand tons of freight to carry, the expense of carrying it will be much less if transported on one train, making one run, than on twenty trains making twenty runs. The operating expenses of the system include the cost of running all trains, through and local, light and heavy, while the operating expenses in North Dakota represent only the expense of running trains, lightly loaded, and moving traffic for short distances.

Defendants have not submitted any method or theory for calculating operating expenses upon local business. So far as the testimony discloses their views, they acquiesce in the position of complainant, that the local business in North Dakota is handled at a very much greater expense in proportion to earnings than is the entire business of the system. We cannot, therefore, adopt the first method without doing manifest injustice to complainant. In applying the second method, the correctness of which cannot be disputed, there is but one question, and that is: Not whether it costs more relatively to conduct the local business than the general business of a system, for that it does is certain beyond discussion, but—how much more? We have submitted the figures as shown by the evidence. They are undisputed and, we venture to say, they can not be disputed. They show that in each year, and upon an average of the four years, complainant earned less than one per cent, either upon its own valuation or upon that of defendant.

We pass now to the third method of computing operating expenses, namely:

(3) Applying the so-called "Train Mileage Basis" as recommended by the Convention of Railroad Commissioners of the United States.

On this basis we find that the net earnings received by complainant upon its investment for the doing of local business in North Dakota for the four years were as follows:

For the year ending June 30, 1894.

Upon complainant's valuation of the property,
less than..... 1-13 of 1 per cent

Upon defendants' valuation of the property, less
than..... 1-12 of 1 per cent

For the year ending June 30, 1895.

Upon complainant's valuation of the property,
less than..... $\frac{1}{4}$ of 1 per cent

Upon defendants' valuation of the property, less
than..... $\frac{1}{4}$ of 1 per cent

For the year ending June 30, 1896.

Upon complainant's valuation of the property.....Deficit

Upon defendants' valuation of the property.....Deficit
For the year ending June 30, 1897.

Upon complainant's valuation of the property 2.02 per cent

Upon defendants' valuation of the property..... 2.30 per cent

And the average for four years was:

Upon complainant's valuation of the property,

about.....1-20 of 1 per cent

Upon defendants' valuation of the property,

about.....1-19 of 1 per cent

The train mileage basis of computing expenses is, as we have already stated, the result of a recommendation by a National Convention of Railway Commissioners held in Washington, D. C., in May, 1895. It is based upon the assumption that the expense of running a train one mile is about the same whether it is loaded to its full capacity or only partially loaded. This is substantially true, the actual difference in the expense of running the two trains being comparatively small; but the train mileage basis ignores the fact that the one train earns much more than the other. The earning power of a train in North Dakota or South Dakota or in any of the western states where the volume of traffic is light must necessarily be much less than in those sections where it is heavy. Taking into consideration the expense of maintenance, cost of administration, taxes, renewals, betterments and permanent improvements which go on whether there be few trains or many, and whether they earn little or much, it is clear that the method of estimating operating expenses based simply upon the number of miles run by trains cannot adequately measure the relation between expenses and earnings.

On the Harlem branch, as shown by the testimony of Mr. Collins, only three trains a week each way are run. Does it need any argument to show that estimating the expense of operating that branch simply upon the number of train miles run must fall far short of the actual cost? The operating expenses attributed to it can only be a small fraction of the real outlay necessary to maintain the road and keep up the service. The train service is tri-weekly, but the care and preservation of the property from deterioration must go on daily. Consider another fact: The entire number of train miles that can be made upon a trip on that branch is but seventeen. The other lines in North Dakota are also short, the Ellendale line being only thirty-one miles in length, and the Fargo line sixty-nine miles, and each has a light traffic. With these conditions, no one can fail to see that the train mileage basis does not fairly indicate the expenses.

Complainant can well afford to stand upon the train mileage basis, although it does not adequately represent the actual expense

incurred in handling local business. The defendants ought not to be heard to object to it, because the volume which is in evidence giving the proceedings of the convention which adopted the train mileage basis shows that the state of North Dakota, by its duly accredited representatives, was present taking part in the proceedings, and not dissenting from the conclusion which the convention reached. There were present all the members of the North Dakota commission, consisting at that time of Hon. John W. Currie, Hon. George H. Keyes, the present chairman, Hon. John J. Wamberg, and also the gentleman who was then and is now their secretary, Mr. J. E. Phelan.

We now pass to a consideration of the fourth method of ascertaining the expenses of conducting the local business in North Dakota, namely:

(4) By the testimony of General Manager Collins as to the actual amounts expended for the year ending June 30, 1897.

The testimony of General Manager Collins showing actual expenses, so far as possible, and close estimates based upon the experience of years where the actual figures were not obtainable, shows an actual deficit. That is to say, the total earnings received by the complainant from all sources, upon both interstate and local traffic, were not sufficient in amount to pay the actual cost of operation. When nothing is left, after paying operating expenses, it is, of course, unnecessary to consider any question of valuation or of the apportionment of the valuation, between the two kinds of traffic. Nor is it necessary, under such circumstances, to apportion the total expenses of conducting all the business between the entire traffic and the local traffic. General Manager Collins' itemized statement does not disclose any extraordinary expense in the operation of the lines in North Dakota during that year, but it does point out in detail the different classes of expenses, and shows what a railroad company must constantly do to carry on its business and keep its road in proper condition from year to year. It shows that Mr. Earling, Mr. Truesdale and Mr. Harris were fully justified in their estimates that it costs three to six times as much to conduct a local as it does a through business, and that if the system could be operated for sixty per cent of its gross earnings it would cost 100 per cent or more to operate the North Dakota lines; and therefore our second estimate, which was based upon such cost, being only double that of the system, was entirely too favorable to defendant. There is no view of this case that can be taken under the evidence which does not show that in the operation of the North Dakota lines complainant is compelled to do business in that state at a loss.

Undoubtedly, it is impossible to determine with absolute nicety

how much greater local operating expenses are than the operating expenses on through business, or upon the entire business of a great system like that of complainant. Why it is impossible has been fully pointed out, but that local operating expenses are far greater is as well settled a fact as if it had been demonstrated with geometrical precision. It has become a maxim in the operation of railways. It is applicable to all roads everywhere and the difference becomes greater and greater as the volume of local business diminishes. The increased expenses of local business may be double or treble or quadruple the expenses of through business or of the entire business of a system, it all depends upon the volume of the local business, as compared with the through business or with the entire business. Estimates may be different, but all agree upon the fact of the wide divergence between local operating expenses and through operating expenses. No witness has failed to declare this well understood principle, and it is settled beyond controversy in this case, that the local operating expenses in North Dakota are very much higher than the operating expenses of the system.

Now, if this be so—and it certainly is—what necessarily follows? Even under the computations based upon the assumption that the local operating expenses are no greater than the operating expenses of the system, complainant's local earnings are less than 2 per cent upon any valuation that has been made in this case—less than 2 per cent, waiving all question of the increased cost actually incurred in conducting the local business. If the defendants be given the benefit of everything they claim, their action assails the fundamental right which complainant is entitled to enjoy, namely, the right to have reasonable compensation for performing its service as a carrier.

Can it be claimed that because complainant's local earnings in North Dakota are small that the commission invades no constitutional right when it makes them smaller? The state has no more authority to attack a mere fractional part of the earnings of a railway company, than it has the whole mass of earnings, when both are protected by constitutional guaranties. In the eye of the law, the protection of a small interest is just as sacred as that of a large one. The small interests represented by complainant's local earnings in North Dakota, stand by themselves as entitled to the protection of the law regardless of incomes, revenues or earnings elsewhere, or derived from any business not subject to the control of the state of North Dakota. This is the doctrine of *Smyth v. Ames*. While it is true that a complainant has a capital of \$212,000,000 invested in a system of railroads, and that only about \$600,000 is devoted to local purposes in North Dakota, yet it is as fully entitled

to be protected in the earnings it receives from that local investment as it would be if the earnings upon its entire capital were in controversy.

The action of the commission amounts to this: It proposes to take a business upon which complainant is receiving very small gross earnings, and no net earnings, and to still further widen the gulf that separates them. For, it must not be forgotten that a reduction of gross earnings necessarily reduces the net earnings in a much larger proportion. The reason for this is that while the gross earnings are cut down, the operating expenses remain the same. One per cent taken from the gross earnings means many per cent taken from the net.

We submit, in conclusion, that the evidence is overwhelming:

1. That in the operation of railways local expenses are always relatively greater than system expenses.

2. That, even if they were no more, complainant's earnings in North Dakota have never been unreasonable, but, on the contrary, have always been so low as to afford no just or reasonable compensation.

3. That the excess of local operating expenses in North Dakota over system expenses is so great that no reward is left for its service, or upon its investment.

We have not considered it necessary to discuss at length the legal principles governing this case, since they have been so recently declared by the supreme court in *Smyth v Ames*. It is impossible to read the evidence without seeing how much more strongly it appeals to the conscience of a court of equity than did that case. The action of the Board of Railroad Commissioners is an attempt under the guise of state regulation to take complainant's property without due process of law and to deprive it of the equal protection of the law.

GEORGE R. PECK,
BALL, WATSON & MACLAY,
Solicitors for Complainant

CIRCUIT COURT OF THE UNITED STATES,

For the District of North Dakota,

GREAT NORTHERN RAILWAY COMPANY,

Complainant,

vs.

GEORGE H. KEYES, L. L. WALTON, JOHN R. GIBSON, J. E.
PHELAN,

Defendants.

ARGUMENT OF COMPLAINANT.

This suit is brought by the complainant to restrain the defendants, the Board of Commissioners of Railroads of the state of North Dakota, from publishing and enforcing a schedule of maximum freight and passenger rates, adopted in May, 1897, under the provisions of chapter 115, of the laws of North Dakota, for that year.

Upon filing the bill of complaint and application to the court an order was granted on the 18th day of May, 1897, requiring the defendants to show cause why the prayer of the bill should not be granted.

On the return day of the order an injunction issued restraining the defendants, until the final hearing and further order of the court, from publishing and enforcing the schedule of rates adopted by the commission.

After issue was joined by filing of answer and reply, Verner R. Lovell was appointed special master to take and report testimony.

The case stands for hearing upon testimony taken and reported by the master.

AUTHORITY OF COMMISSION.

Chapter 115, laws of North Dakota for the year 1897, provides as follows:

Sec. 29: "The board of commissioners of railroads of this state are hereby empowered and directed to make for each of the railroads, railroad corporations and common carriers, subject to this act, doing business in this state, as soon as practicable, a schedule of reasonable maximum rates of charges for the transportation of passengers, freight, property and cars on each of said railroads, and said power to make schedules shall include the power of classification of all such freights and property. * * * Said commissioners shall from time to time, but not oftener than once in six months unless upon appeal from the order fixing such rates the court shall modify or reverse such order, and then only to the extent made necessary by such modification or reversal, change and revise such schedules. When any schedule shall have been made or revised as aforesaid, it shall be the duty of said commissioners to forthwith serve a copy of said schedule upon such railroad, railroad corporation or common carrier affected thereby, and a notice stating when such schedule shall go into effect, and to cause notice thereof to be published for two successive weeks in one public newspaper published in each judicial district in this state, which notice shall state the fact that a new schedule has been made, and the date of taking effect of such schedule, and said schedule shall take effect at the time so stated in such notice, and a printed copy of said revised schedule shall be conspicuously posted by such railroad or common carrier in each freight, express or receiving office and passenger depot upon its line or lines."

Sec. 35. "If any railroad, railroad corporation or common carrier, subject to the provisions of this act, shall charge, collect, demand or receive, more than a fair and reasonable rate of toll or compensation for the transportation of passengers, property or freight, the same shall be deemed guilty of extortion."

Sec. 38. "Any such railroad, railroad corporation or common carrier guilty of extortion, shall upon conviction thereof be fined in any sum not less than \$1,000 nor more than \$5,000 for the first offense, and for every subsequent offense not less than \$5,000 nor more than \$10,000. Such fine to be imposed in a criminal prosecution as provided by law."

Sec. 39. "Any such corporation or common carrier guilty of extortion, shall forfeit and pay to the state of North Dakota not less than \$1,000 nor more than \$5,000 for the first offense and not less than \$5,000, nor more than \$10,000 for every subsequent offense, to

be recovered in a civil action by proceedings instituted in the name of the state of North Dakota."

Sec. 40. "Whenever said commissioners of railroads have good reason to believe that any railroad, railroad corporation or carrier subject to the provisions of this act, has been guilty of extortion, it shall be their duty to cause suit to be immediately commenced and prosecuted against such railroad or carrier in any county of the state into or through which the line of railroad extends."

Sec. 21. "In case any railroad, railroad corporation or common carrier, subject to the provisions of this act, shall do, cause to be done, or permit to be done, any act, matter or thing in this act prohibited, it shall be liable to the person or persons injured thereby for three times the amount of damage sustained, together with costs of suit and reasonable counsel's fees to be fixed by the court."

The schedule of rates adopted by the commission would have gone into effect upon publication for two successive weeks in one public newspaper published in each judicial district of the state.

Had the rates gone into effect, the complainant would have been liable, in case it charged a rate higher than that provided in the commissioners' schedule, not only to individual persons for treble damages, but to a fine of from \$1,000 to \$5,000 for the first offense, and from \$5,000 to \$10,000 for the second offense, or to a forfeiture to the state in a suit brought by the commissioners of railroads of not less than \$1,000 nor more than \$5,000 for the first offense, and of not less than \$5,000 nor more than \$10,000 for each subsequent offense.

The complainant obtained the order restraining the publication and enforcement of the rates on the ground that they were unreasonable and repugnant to the constitution of the United States. Had not the order been granted the transactions of a single week would have exposed the complainant, or any railway carrier questioning the validity of the schedule and refusing to adopt it, to a vast number of suits by shippers, to say nothing of the heavy penalties named in the statute.

Only a court of equity is competent to meet such an emergency, and determine once for all, without a multiplicity of suits, matters that affect not only individuals, but the interests of the entire community involved in the administration of the affairs of traffic upon the lines of railways in the state.

HISTORY.

The St. Paul, Minneapolis & Manitoba Railway Company was organized under the laws of the territory and state of Minnesota. It constructed an extension of its lines into and across the states of

North Dakota, Montana, Idaho and Washington, in conformity with the laws of those states, after having filed certified copies of resolutions of its board of directors, designating the line of its route, in the office of the secretary of state of each of the states named.

The Great Northern Railway Company was organized under the laws of the territory and state of Minnesota.

On the first of February, 1890, it leased from the Manitoba Company for the term of nine hundred and ninety-nine years, the system of railroads then owned by the Manitoba company, and extensions of that system which might thereafter be constructed. The leased railways have a mileage of 3,830.72 miles of main track, 503.56 miles of sidetrack, making 4,334.28 miles of track altogether.

The Great Northern Company owns all the capital stock of the Eastern Railway Company of Minnesota, whose line extends from Hinckley, in the state of Minnesota, to the waters of Lake Superior—of the Montana Central Railway Company, whose line extends from Great Falls via Helena to Butte, in the state of Montana,—of the Willmar and Sioux Falls Railway Company, whose line extends from Willmar, in the state of Minnesota, to Yankton, in the state of South Dakota,—of the Duluth, Watertown & Pacific Railway Company, whose line extends from Watertown to Huron, in the state of South Dakota,—of the Minneapolis Union Railway Company, and the Minneapolis Western Railway Company, terminal companies located in the city of Minneapolis, state of Minnesota, and also the stock of the Northern Steamship Company, which company operates a line of steamers from Duluth through the Great Lakes to Buffalo.

The leased lines of the Great Northern Company connect with the lines of the railways above named, which are commonly recognized as a part of the Great Northern system of railways. The total miles operated in this system is 5,267.58, including main and side tracks.

Every part of this system affords facilities for the handling of traffic originating on or destined for any other part as conveniently and completely as if all the tracks were owned and operated by the Great Northern Company.

This system is provided with extensive terminal and transfer facilities for receiving and delivering traffic. The most extensive of these terminals are at St. Paul, Minneapolis, West Superior and Duluth. At West Superior and Duluth there is a large exchange of traffic between lake and rail. The terminal facilities include large elevators in St. Paul, Minneapolis, West Superior and Buf-

falo. The rail system is amply equipped with buildings of all kinds, such as stations, warehouses, shops and the like. It has a very large equipment of rolling stock, consisting of 433 locomotive engines, 332 passenger cars of various styles, and over 15,000 freight and work cars. (Record, pp. 62, 66.)

Of the main track mileage owned by the Manitoba Company and operated by the Great Northern company, there was at the time the complaint was filed, 1,046 miles in the state of North Dakota. The mileage has since been increased so that at the present time there are in North Dakota, 1,078.91 miles of main track and 112.93 miles of sidetrack. (Record, p. 69.)

THE LAW.

The present condition of the law, as respects questions involved in this case, is as follows:

1. A state, through its legislature, or a commission created by it, may establish a schedule of maximum rates for railroad charges, within its jurisdiction.

2. This power is not unlimited. It is for the courts to determine its limit.

3. What the limits are, have, in some particulars, been determined by the courts.

- (a) Rates must be reasonable. Railroad companies must not be deprived of the lawful use of their property. They should be permitted to receive reasonable profits upon their invested capital.

Chi., Mil. & St. P. Ry. v. Minn., 143 U. S. 418.

- (b) The basis of all calculations as to the reasonableness of rates to be charged by a railroad company, must be the fair value of the property used by it for the convenience of the public. A railroad company is entitled to receive a fair return upon the value of that which it employs for the public convenience.

Smyth v. Ames, 169 U. S. 526.

- (c) In ascertaining such value account is to be taken of the original cost of construction; the amount expended in permanent improvements; the amount and market value of bonds and stocks; the present as compared with the original cost of construction; the probable earning capacity of the property under rates prescribed by the state; the amount required to meet operating expenses, and other material considerations.

Smyth v. Ames, *supra*.

- (d) Rates are unreasonable which will not return a sum sufficient to pay operating expenses incident to conducting the traffic under economical administration.

Smyth v. Ames, *supra*.

(e) Rates are unreasonable when they will not return a sum sufficient to pay the interest on bonded debt above operating expenses, where it appears that stock and bonds represent money invested in construction; that there has been no waste in construction or operation.

Reagan v. Farmers' L. & Tr. Co., 154 U. S. 362.

(f) Rates are unreasonable which will not return a sum sufficient to pay operating expenses, interest upon bonds and a reasonable dividend upon stock, where bonds and stock represent money invested in the property, and there has been no fraud or mismanagement in construction and operation. A railroad company is entitled to a sum sufficient not only to pay its expenses, but to yield an adequate return upon the investment.

McKenna, circuit judge, *Southern Pac. Co. v. Board of Railroad Comrs.*, 78 Fed. 236.

4. The reasonableness or unreasonableness of rates prescribed by a state for the transportation of persons and property within its borders, must be determined without reference to the interstate business done, or to profits derived from it.

Smyth v. Ames, *supra*.

5. Rates adopted by a state as respects local traffic will not be held to be reasonable, because, notwithstanding the reduction in earnings on business done within the state, there is still left, from earnings on interstate traffic or the entire traffic of a railway doing interstate business, enough to pay a reasonable compensation to the owners of the property. If one state can adopt and enforce such rates, other states, through which the road runs, and the federal government may make corresponding reductions, and the aggregate of such reductions might entirely destroy the earning capacity of the property.

Smyth v. Ames, *supra*.

POINTS UNDECIDED.

1. What is an adequate return above operating expenses upon the investment in a railroad?

A railroad company has no rights except such as have been granted to it by the state. A right is granted to construct and operate a railway between given termini and to that end to obtain money by the sale of stock and bonds. If stock and bonds are sold in good faith, at their fair value in the market where money can be obtained, and the money derived therefrom is economically and judiciously expended in the construction and equipment of a railroad, may a state adopt and enforce rates so low as to deprive the company of the power to make earnings sufficient to pay, above oper-

ating expenses, the agreed interest rate upon its bonds and dividends upon its stock in amount equal to the current value of money in the states through which the railway extends and in the community which it serves.

2. Is all traffic of an interstate line, transported from one point to another in a state, local traffic, as respects the right of the state to fix maximum rates?

I.

Defendants acted without jurisdiction in adopting the schedule of rates involved in this suit.

1. The basis of all calculations as to the reasonableness of rates is the fair value of the property used in handling traffic. The fair value of a part of an interstate railway cannot be determined upon geographical lines or independent of an inquiry into the value of the railway as an entirety.
2. A determination of the reasonableness of maximum rates fixed by a state upon domestic traffic, moved by an interstate line, involves an inquiry into the capitalization and net earnings of such line as a whole, and into the effect that such reduction will have, or is likely to have, on such net earnings. Interstate business should not be made to bear losses on domestic business. There is no basis upon which earnings within the state, upon domestic traffic, can be separated from earnings upon interstate traffic. All traffic of an interstate line, for purposes of rate regulation, must be regarded as a unit, and subject only to the jurisdiction of a tribunal having authority to adopt and enforce uniform rules. If there is any basis upon which to separate domestic from interstate earnings within a state, such separation must be made by a body having jurisdiction to make rules regulating interstate commerce.
3. The state of North Dakota, and the territory of which it formed a part, authorized and invited the extension of complainant's line within its borders mainly for the purpose of interstate traffic, and as incidental to that, for the purpose of local traffic. It was known that local traffic would be light, and that it would be moved in interstate trains, and so intermingled with interstate traffic as to be inseparable from it, in respect to both expense and earnings. The territory and state must be held to have permitted the regulation of rates upon traffic beginning and ending in the state, to fall within the jurisdiction of congress over interstate commerce.

(a) The line of railway operated by complainant was first constructed in the state of Minnesota. When it reached the eastern boundary of the territory of Dakota the company which constructed it had an organization with general offices, shops, equipment and credit. Under the laws of the territory that company, upon filing a copy of a resolution of its board of directors in the office of the secretary of the territory, designating the route of the proposed extension within the borders of the territory, acquired a right to construct such extension. Thus, complainant's line was extended into and across the territory now embraced in the state of North Dakota, under the authority of the territory of Dakota. (Record, pp. 4, 40.)

The territory was sparsely settled. It had no local traffic, and it has no forests, mines or markets. It could offer no business to support a mere local line of railway constructed by a corporation organized for the purposes as a separate enterprise. It therefore, adopted the policy of authorizing and inviting an extension within its borders of an interstate line.

Had a railroad company, organized for the purpose and as an independent enterprise, constructed a line beginning and ending within the state, its rates on local traffic would have been subject solely to state regulation.

It might have engaged in interstate traffic, but such traffic would have been delivered to it in the state and transported by it to a connecting line within the state, and its receipts or earnings on account thereof would have been a proportion of a through or interstate rate fixed by agreement between it and connecting carriers.

The earnings from traffic delivered to it by a connecting carrier, or by it to a connecting carrier, could have been readily ascertained. The line would have been local, also its cost and operating expenses; but where a state, in order to obtain the benefit and advantage to be derived from the facilities afforded by an interstate line, has authorized an extension of such line within its borders, the traffic beginning and ending in the state moved by such line in interstate trains, intermingled with interstate traffic, and so far as earnings and expenses are concerned, inseparable from interstate traffic, will be regarded as a part of it, and as respects regulation of rates, subject only to a jurisdiction having authority to maintain and enforce uniform rules covering the whole body of traffic.

(b) Maximum rates fixed by legislation, or by commissions, must be reasonable. There must be a rule by which the reasonableness of such rates may be judicially determined. In *Smyth v. Ames*, 169, U. S. 546, the following rule was adopted.

"We hold that the basis of all calculation as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction, must be the fair value of the property being used by it for the convenience of the public. And in order to ascertain that value the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience."

Within this rule, in order to determine the reasonableness of the rates in suit, the value of the property used by complainant in transacting business, beginning and ending in the state, must be ascertained. The value of such property is the value of an inseparable part of an interstate line. To determine such value inquiry is to be made into cost of construction, of reconstruction, also into capitalization and earnings.

Complainant's line of railway was constructed in Minnesota before its extension into the territory of Dakota. It was extended into the territory of Dakota, from time to time, as the credit of the company and promise of business seemed to warrant. An efficient organization, in extending the line into the territory of Dakota, made use of existing facilities, equipment and credit. Material was purchased in large quantities and, therefore, at less cost. Transportation of rails, ties and all construction material was at cost. The cost, therefore, of that part of the line in the state of North Dakota, to the company that built it, was much less than it would have been had the line been constructed as a separate enterprise by a corporation organized for the purpose.

In such case there must have been an organization of officers and operating, traffic and legal departments; shops for the maintenance and repair of equipment; and the payment of tariff rates on all material entering into construction and maintenance and upon all fuel and supplies. The value of the property used in North Dakota in handling domestic traffic cannot be shown as separate and distinct from the interstate line of which it forms a part. An apportionment to the state of North Dakota of the cost of the construction of that part of complainant's line within the state, for the purpose of fixing the value of the line in the state, involves an inquiry into interstate cost and operation. The amount expended in permanent improvements upon the line within the state cannot

be apportioned except upon an arbitrary division of many items. Such improvements have been made from time to time by the use of material transported from adjoining states without charge for transportation, in trains handling other and different classes of traffic moved under different tariff rates. The work of improving the line in North Dakota has been carried on at the same time and in connection with the work of improving the line elsewhere. A proportion of the amount expended can be localized; another and larger proportion cannot be localized, nor reasonably apportioned upon any geographical line, state, county or township.

The present cost of constructing a line, local to the state, by an independent corporation, and as a separate enterprise, can be shown with reasonable accuracy. But the cost to complainant cannot be shown as distinct and separable from the cost of other parts of its line. To reproduce its line in North Dakota, complainant's equipment, shop and office forces, and credit would be used. Its line of railway in other states would be used, and its yards and terminals for handling and transferring material. The cost to it of constructing any particular mile cannot be accurately shown nor justly apportioned upon geographical lines. The amount of bonds and stock can be apportioned. The earning capacity, under a given schedule of rates can be shown, because way-bills are issued with every shipment, showing origin, destination and rate. The amount necessary to meet operating expenses on account of local traffic can be approximately shown. The relation between cost and earnings depends upon the volume of traffic. Cost is practically a fixed sum and light traffic is relatively much more expensive to handle than heavy traffic.

It thus appears that the mileage of complainant's line in North Dakota was constructed from time to time, as part of a growing system of railways which now extends from the Mississippi river to the Pacific ocean. The value of its line in North Dakota cannot be fixed as separate and distinct from the system of which it forms a part. The amount of land used for right-of-way and stations, the number of rails, ties and bolts, the number and cost of building bridges and structures, the number of yards of earth and rock moved and placed in the roadway, is known. But ties and timber for structures were transported from other states and for long distances; labor was transported from other states, together with necessary supplies. Plainly, therefore, many factors entering into the cost of construction and the value of the property cannot be localized.

(c) In *Smyth v. Ames*, *supra*, the court say, adopting the language of Judge Brewer at circuit, (p.542):

"The table shows how small a proportion of the total amount of business done in the state comes from purely local freight. Nor is it weakened by any comparison between the amount of reduction and the total receipts from all business. It may be as stated by counsel, that the annual earnings of the company are \$27,916,000, and that the total amount of reduction made by the state is only \$365,175, and that this amount distributed among the stockholders of the company may not be a great sum, but the entire earnings of the company are more than twenty times the receipts from local freight in the state, and to reduce such earnings by twenty times \$365,000, would make a startling difference in their amount. The fact that the state of Nebraska can reach only 1-20 of the total earnings, gives it no greater right to make a reduction in respect to that 1-20, than it would have had it the power over the total earnings and attempted in them a like per cent of reduction. If it would be unreasonable to reduce the total earnings of these roads 29 1-2 per cent, it is at least *prima facie* equally unreasonable to so reduce any single fractional part of such earnings."

In this view inquiry may be made into the earnings of complainant's line and its capitalization for the purposes of determining the reasonableness of the rates in question. If defendants had jurisdiction to inquire they must be held to have made inquiry and the inquiry must be held to have involved the determination of the question of the reasonableness of the capitalization and of rates charged, in short, of net earnings. The entire earnings of an interstate line are to be considered in connection with the question of the reasonableness of local rates, because of the effect of such rates upon an interstate line as an entirety. Is this a question within the jurisdiction of the state, or of a body having no jurisdiction to regulate interstate commerce, as respects rates for transportation? Rates are fixed for the future. Whether they are reasonable or not depends upon their effect upon earnings. Local rates may be reasonable at a given time, because of their relation to interstate rates; but interstate rates are not fixed and unchangeable. They vary from time to time, and may be changed under orders of the Interstate Commerce Commission, or as the result of proceedings instituted by it, or by reason of competition and change in business conditions. How, then, can a state be held to have jurisdiction to fix maximum local rates when the question of the reasonableness of such rates necessarily involves an inquiry into their effect upon the earnings and income of an interstate line? Interstate business should not be made to bear losses on domestic business nor domestic business losses on interstate business. Whether a given schedule of rates upon domestic traffic is such as to impose

the cost of domestic business on interstate traffic is a matter which enters into the question of the reasonableness of local rates.

Thus, the determination of the reasonableness of local rates neequiry and the determination can be made only by a body having jurisdiction to make and enforce uniform rules for the regulation of interstate traffic.

(d) In *Smyth v. Ames*, supra, p. 541, the court further say:

"In our judgment it must be held that the reasonableness or unreasonableness of rates prescribed by a state for the transportation of persons and property wholly within its limits, must be determined without reference to the interstate business done by the carrier, or to the profits derived from it. The state cannot justify unreasonably low rates for domestic transportation considered alone, upon the ground that the carrier is earning large profits on its interstate business, over which, so far as rates are concerned, the state has no control. * * * So far as rates of transportation are concerned, domestic business should not be made to bear the losses on interstate business, nor the latter the losses on domestic business. It is only rates for the transportation of persons and property between points within the state that the state can prescribe, and when it undertakes to prescribe rates not to be exceeded by the carrier, it must do so with reference exclusively, of what is just and reasonable as between the carrier and the public in respect of domestic business. The argument that a railroad line is an entirety, that its income goes into and its expenses are provided for out of a common fund, and that its capitalization is on its entire line within and without the state, can have no application where the state is without authority over rates on the entire line, and can only deal with local rates, and make such regulations as are necessary to give just compensation on local business."

The court assumed that there was a basis of division between the earnings from domestic and interstate traffic within a state, and that the value of property used in moving domestic traffic could be shown as distinct from the value of the property used in interstate traffic. There is, however, no basis for such division. Operating expenses of an interstate line of railway, as an entirety, may be shown. The volume of traffic upon the line, as an entirety, may be shown. The cost of handling domestic traffic, by an interstate line, can be approximately shown. Operating expense being practically a fixed amount, the relation between cost and earnings depends upon the volume of traffic. It was shown in the case cited that by reason of the light volume of domestic traffic in Nebraska, the cost of moving it was largely in excess of the cost of moving through traffic or the entire traffic, upon the different railways doing busi-

ness in the state. The court found that the cost of moving domestic traffic was in excess of the maximum rate fixed by the state. Had such rates been adopted and enforced, interstate traffic would have been made to bear the cost of domestic traffic. Domestic traffic should not only be charged with the cost of moving it but also with a part, at least, of the interest and dividend charge upon the investment in the property used in moving the traffic. But domestic traffic should not bear the entire interest and dividend charge upon such investment and value.

Take complainant's line. Its stations, yards and facilities within the state are used in receiving, storing and caring for both classes of traffic. If there is a basis upon which a division can be made and a part of interstate earnings apportioned to the state as having been earned within it, and as being therefore, for the purposes of rate regulation, local earnings, has the state jurisdiction to make such inquiry and apportionment? The apportionment, if made, must be of net earnings. An inquiry into the reasonableness of interstate net earnings involves an examination of all the questions necessary to a determination of the reasonableness of rates. Obviously this can be done only by a body having jurisdiction over interstate commerce, and authority to make and enforce uniform rules and regulations. Local rates, reasonable at a given time, because of their relation to interstate rates and earnings, may become unreasonable in a day or a week, by reason of a change in interstate rates and earnings.

(e) The question of jurisdiction over the matter of apportionment to a state of interstate earnings is not in the case, unless it appears that there is some basis reasonable and just upon which an apportionment can be made.

There is no just basis upon which a mileage or other division can be made.

There are no trains stopping or starting at state lines. There are few, if any, stations located on state lines.

No equipment is permanently kept within any particular state. For a system like complainant's, there is no more significance in state lines than there is in township or county lines.

It would be impossible to carry on the business of complainant if attention were paid to state lines.

The volume of local traffic in all the states through which the line runs is not one-quarter of the traffic on the system.

All freights and fares are entireties and no part of them is earned until the haul has been completed.

The earnings of a haul are indivisible by state or any other lines.

No one can tell how much of the through rate on a consignment

of wheat from a station in North Dakota to stations in Minnesota is earned in either state.

Almost every freight train has in it a dozen different kinds of traffic.

A train will have in it cars loaded at St. Paul or Duluth running entirely across the state of North Dakota to points in Montana or Washington; other cars from the same point running through to the coast; others loaded at Chicago or points east of there to points beyond Dakota; others from St. Paul, Duluth, or points east to points in Dakota; others from local points in Minnesota to points in Dakota; others from Dakota points to points west; others from point to point in Dakota.

In the same train there may be cars loaded with freight of the company, like fuel and lumber, from eastern points to points in or west of Dakota; also cars from St. Paul or Duluth empty to points in Dakota for load.

All these different classes of business are moving upon an equal number of different tariffs, made on a different number of bases, and each requiring a different apportionment to mileage in the state if such an apportionment be possible.

In every train there will be different kinds of traffic, requiring terminal service in Dakota; other kinds moving across the state without the necessity of terminal or switching service within it.

The cost of moving the train will be a unit, and no part of it can be said to have been incurred for any particular class of traffic or upon any particular car which the train contained.

Record 72 to 74.

An estimate may be made of operating expenses by divisions or by state lines which shows the total units in trains moving in the state, or over a division, and the total expense can be divided by the total ton miles or units of traffic, for the purpose of showing the expense assignable to each. But this applies as an average on all classes of traffic moved in the train, that is, to the ton miles, and not to different classes of traffic, under different rates, moved in a train:

Record, p. 156.

In one state there may be heavy mountain grades, greatly increasing operating expense. In another long and expensive tunnels or costly structures, greatly increasing the cost of construction. In another cold and snowy winters and climatic conditions greatly increasing cost of operation.

PUBLISHED REPORTS.

It is true reports have been made by complainant to the Interstate Commerce Commission and the railway commissioners of Minnesota and North Dakota, showing gross earnings, operating expenses and net earnings in those states. But such reports have been made under provisions of law requiring them and in compliance with rules and regulations of the Interstate Commerce Commission and the commissioners of the respective states. Such reports were required and made in the first instance for the purpose of payment of taxes based upon a percentage of gross earnings. Division of earnings and expenses has been made upon a purely arbitrary basis and as required in forms of reports submitted by the commissioners to complainant for use.

Record, p. 70.

In the reports made to the commissioners of North Dakota interstate earnings are arbitrarily apportioned for purposes of gross earnings tax by allowing three miles of haul in Dakota to two in Minnesota.

Record, p. 124.

(f) "The power granted to congress to regulate commerce is necessarily exclusive whenever the subjects of it are national, or admit only of one uniform system or plan of regulation throughout the country. In the matter of interstate commerce the United States are but one country and are and must be subject to one system of regulation and not to many systems."

Robbins v. Selby Taxing District, 120 U. S. 489.

Stoughton v. Hennick, 129 U. S. 141.

Complainant's line extends into and through seven states. If one state may lawfully apportion to itself a share of interstate net earnings, as earnings local to the state, another state may do likewise. Should it be held that such an apportionment is possible on a just and reasonable basis, one state may adopt one rule of apportionment and another state may adopt a different rule. It may be said that the rule adopted, inasmuch as it regulates a division of net interstate earnings is subject to review by the supreme court of the United States. In such case the question for review would be the judgment of a local body as respects net interstate earnings. The question of the right of a state to make an apportionment would not be involved, but the reasonableness and justness of the apportionment made. We are thus brought back to the question of the right and jurisdiction of the state to inquire into and apportion to itself as having been earned within its borders, a part of the net earnings upon interstate traffic.

Take complainant's line: Its terminals are in St. Paul, Minneapolis and Hinckley in Minnesota, and Everett and Seattle in the state of Washington. Let it be assumed that the part of the haul within the state of Minnesota of interstate traffic destined to complainant's terminals in that state is 1,000 miles. Any apportionment to the state of interstate earnings from such traffic upon a train mileage, or a ton-mileage basis, or upon a mileage of the traffic hauled, would by reason of the length of haul and the enormous tonnage concentrated in the terminals and freight distributing centers, show local earnings, or earnings assumed to be local, largely in excess of the amount reasonably required to pay a fair return upon the value of the property used in moving the traffic in the state. Should local rates be reduced by the legislature or the railway commission of Minnesota, so as to bring the earnings within the state to an amount sufficient to pay no more than a reasonable return upon such value, millions of dollars would be deducted from complainant's revenue. Where could the loss be made good? What would be the result upon its earning capacity and credit?

(g) There is no basis upon which an apportionment of net interstate earnings can be made upon any geographical line. The suggestion that such an apportionment can be made, implies that there is some rule or line of division which can be judicially defined and justly enforced as respects all classes of interstate carriers, railways, express or telegraph companies, in the forty-five states of this union. If no such division can be made, then all traffic, local and interstate, must be treated as a unit for purposes of rate regulation, and subject only to the jurisdiction of a body having authority to adopt and enforce uniform rules. If such division can be made, it must be of interstate net earnings, and over such earnings a state has no jurisdiction.

(h) It is true that neither congress nor a state can delgate its legislative authority. It is also true that a state has no jurisdiction as respects the regulation of interstate traffic. All traffic beginning and ending in a state which is moved by an interstate line, intermingled with and inseparable, so far as cost of operation and earnings are concerned, from interstate traffic, must be regarded as a part of interstate traffic. The regulation of rates upon such traffic necessarily involves an inquiry into and a regulation of interstate traffic. A state in authorizing the extension within its borders of an interstate line for purposes of interstate traffic, consents to a method of handling traffic beginning and ending in the state, in such manner and in such relation to interstate traffic as to make it a part of the interstate traffic in respect to regulation of rates.

In *Bowman v. Ry. Co.*, 125 U. S. 465, and *Leisy v. Harding*, 135 U. S. 100, it was held that intoxicating liquors are a proper subject of interstate commerce, and that no police regulation of a state could have the effect of preventing citizens of the state from importing into it and making sale of intoxicating liquors in original packages. By act of congress, 1890, 26th Stat. 313, it was provided that intoxicating liquors transported into a state upon their arrival therein should be subject to the laws of such state enacted in the exercise of its police power. It has been held that this is a valid act, and that a citizen of a state importing into it from another state intoxicating liquors in original packages, may be prohibited from making a sale of such original packages. The court held that this act was not a delegation or an abrogation of legislative power; that it did not impart to the state a power not before possessed, but that it was in effect a consent by congress that imported property a subject of interstate commerce, should upon its arrival in a state, fall within its jurisdiction.

In *re Rahrer*, 140 U. S., 545.

The territory of North Dakota by authorizing the construction of the line operated by complainant within its borders, must be held to have consented that traffic beginning and ending in the state, moved by complainant in interstate trains, intermingled with interstate traffic, should be regarded as inseparable from it and subject to regulation by congress.

II.

EARNINGS UNDER EXISTING RATES UPON TRAFFIC BEGINNING AND ENDING IN THE STATE OR NORTH DAKOTA, HAVE NOT BEEN SUFFICIENT TO PAY OPERATING EXPENSES INCIDENT TO HANDLING THE TRAFFIC. THE VOLUME OF TRAFFIC HAS BEEN SO LIGHT THAT EARNINGS FROM IT HAVE NOT BEEN ENOUGH TO PAY THE COST OF CONDUCTING TRANSPORTATION, SAYING NOTHING OF OTHER ITEMS ENTERING INTO COST OF OPERATION. REDUCTION OF RATES IS THEREFORE UNREASONABLE. THE RELATION BETWEEN VOLUME OF TRAFFIC AND COST OF OPERATION IS SHOWN AS FOLLOWS:

MAINTENANCE OF WAY AND STRUCTURES.

This includes, repairs of roadway, bridges and culverts, fences, road-crossings, signs, cattle guards, buildings, docks, wharves, telegraphs and renewals of rails and ties.

MAINTENANCE OF EQUIPMENT.

This includes, repairs and renewals of locomotives, cars, boats, shops, machinery, tools, etc.

CONDUCTING TRANSPORTATION.

This includes, wages of enginemen, firemen, roundhousemen, trainmen, switchmen, flagmen, watchmen, train dispatchers, operators, station agents, clerks and laborers, fuel, water and other supplies for locomotives, train supplies, station supplies, switching charges, car mileage, loss and damage, injuries to persons.

GENERAL EXPENSES.

This includes, salaries of officers and clerks. General office expenses and supplies, agencies, rent, advertising, commissions, insurance, expenses of fast freight line, traffic associations, stockyards and elevators, rents for track, yards and terminals and legal expenses. Record, page 79.

CONDUCTING TRANSPORTATION.

The cost of conducting transportation is one of the large items of operating expenses.

In the year ending June 30, 1894, the total operating expenses in North Dakota were \$1,548,388, of which the cost of conducting transportation comprised \$656,680, or about 45 per cent.

In 1895 the total operating expenses in North Dakota were \$1,394,491, of which the cost of conducting transportation involved \$759,310, or about 55 per cent.

In 1896 the total operating expenses in North Dakota were \$1,728,107, of which the cost of conducting transportation comprised \$921,186, or 55 per cent.

In 1897 the total operating expenses in North Dakota were \$1,925,212; cost of conducting transportation comprised \$879,302, or about 52 per cent.

The proportion of cost of conducting transportation is about 55 per cent of the total operating expenses in North Dakota, and in any state under existing conditions in the Northwest.

LOCAL TRAFFIC.

The cost of conducting transportation of local traffic in North Dakota and states like it, where traffic is light, is many times greater than the cost of conducting through traffic. The principal

reason for this is the limited volume of local traffic, the small use made of the power and facilities furnished.

Other reasons are the labor required and time employed in billing and delivering local shipments, the delay incident to the stopping of trains for the purpose, and the loss of time, labor and waste of fuel.

DEFINITION OF LOCAL TRAFFIC.

"By local traffic in this connection is meant all traffic that is either picked up or dropped between engine division points, regardless of its origin or destination." (Clough, Record, p. 73.)

"That which is picked up and sent out, and where you do not have through trains upon which you have a long haul. Through business means trains where locomotives are loaded to their capacity, and where they run through from starting point to the end of their route."

Earling, Record, p. 494.

"It is that which is taken and hauled part way over a division or line, and left at points intermediate division points or the other terminus of the road. It thus may include not only traffic purely local to a state, but also interstate traffic. Through traffic is that which is received at terminal or division points and moved to another division or terminal point."

Truesdale, Record 457.

Harris, Record 474.

Scott, Record 317.

Underwood, Record 330.

VOLUME OF TRAFFIC.

The volume of local traffic in North Dakota, defined as above, is but a small part of the volume of through traffic.

The volume of traffic moved over any particular piece of road, or within a given state, can be ascertained because data are kept in the form of way-bills, showing the origin and destination of each shipment, the tonnage and amount received and the tons moved one mile, or the volume of traffic over any part of the system. The number of tons moved one mile in the state of North Dakota, of strictly local business, during four years, ending June 30th of each year, was as follows:

1894	3,170,863 ton miles
1895	2,778,999 ton miles
1896	3,456,421 ton miles
1897	3,988,027 ton miles

Record, p. 96.

During the same time, the total tons moved one mile within the state, including both local and interstate tonnage, were as follows:

1894	200,965,725 ton miles
1895	251,135,165 ton miles
1896	283,616,052 ton miles
1897	266,574,012 ton miles

Record, p. 96.

But of this total ton mileage a great part was that of traffic moving entirely across the state to and from Montana and states beyond, and to and from British America. The ton mileage in those years of the entirely through business was as follows:

1894	93,989,336 ton miles
1895	137,902,298 ton miles
1896	136,077,421 ton miles
1897	144,416,544 ton miles

Record, p. 97.

Deducting the amount of traffic moving entirely across the state from the entire amount of interstate and local traffic, the result is as follows:

1894	106,976,389 ton miles
1895	113,232,867 ton miles
1896	147,538,631 ton miles
1897	122,157,468 ton miles

Deducting the local tonnage from the tonnage last shown, and the total during the years named, excluding traffic passing entirely across the state, we have:

1894	103,805,526 ton miles
1895	110,453,868 ton miles
1896	144,082,210 ton miles
1897	118,169,441 ton miles

BRANCH LINES.

The Aberdeen and Ellendale, the Bottineau, Langdon and Cando branches are wholly or mainly in North Dakota. The traffic on those lines is local within the definition above given. The volume of traffic on those lines and upon the system of leased lines is shown by the following tables, for the year ending June 30th, 1897.

Aberdeen and Ellendale Lines—

Total length in miles	168.32
Miles in North Dakota	105.59

Number of ton miles hauled during the year	4,969,976
Number of passenger miles during year	343,964
Average number ton miles per mile of road	29,527
Average number of passengers per mile of road	2,043
Average number of tons hauled per freight train	111.78

Bottineau Branch—

Total length in miles (all in North Dakota)	38.66
Number of ton miles hauled during year	1,581,286
Number of passenger miles during year	135,007
Average number ton miles per mile of road	40,951
Average passenger miles per mile of road	3,490
Average number of tons hauled per freight train	123.45

Langdon Branch—

Total length in miles (all in North Dakota)	94.04
Number of ton miles hauled during year	7,804,102
Number of passenger miles during year	1,086,138
Average number of ton miles per mile of road	83,020
Average number of passenger miles per mile of road ..	11,550
Average number of tons hauled per freight train	172.91

Cando Branch—

Total length in miles (all in North Dakota)	55.21
Number of ton miles hauled during year	1,863,605
Number of passenger miles during year	184,653
Average number of ton miles hauled per mile of road ..	33,740
Average passenger miles hauled per mile of road	3,340
Average number of tons hauled per freight train	107.59

Record, pp. 98-99.

Entire Line—

Total length in miles	3,806.13
Total ton miles	1,154,693,357
Total passenger miles	82,635,145
Average ton miles per mile of road	303,377
Average passenger miles per mile of road	21,711

Record, p. 100.

OPERATING DIVISIONS.

Of the operating divisions the Dakota and about one-half the Northern are in the state of North Dakota, and that part of the Breckenridge division from Breckenridge to Larimore, including the lines from Casselton to Aneta, Ripon to Portland, and the Addison Branch, also the line from Tintah to Ellendale; the Montana division from Minot west.

The tons moved one mile, and the average tons for each mile of road, upon each division, for the year ending June 30th, 1897, also the number of passengers moved one mile, and average for each mile of road, also the average number of tons per train, are shown by the following tables:

By Operating Divisions—Ton Miles—

Division	Number of Tons Moved One Mile	Tons Moved One Mile Averaged for each mile of Road
Fergus Falls.....	364,408,907	638,451
Montana.....	207,778,957	369,109
Willmar.....	54,400,104	324,061
Kalispell.....	109,255,859	215,299
Dakota.....	166,108,500	271,730
Cascade.....	60,783,505	170,062
Northern.....	116,234,478	191,132
Breckenridge.....	75,673,047	180,178

By Operating Divisions—Passenger Miles—

Division	Number of Passengers Moved One Mile	Passengers Moved One Mile Averag- ed for Each Mile of Road
Willmar.....	11,656,114	69,435
Fergus Falls.....	21,256,533	37,242
Northern.....	13,551,690	22,274
Montana.....	9,932,973	17,645
Dakota.....	9,564,456	15,646
Cascade.....	4,446,506	12,440
Kalispell.....	6,592,280	12,991
Breckenridge.....	5,634,593	13,416

By Operating Divisions—

	Averaged Number of Tons Hauled per Freight Train
Fergus Falls.....	351.55
Willmar.....	286.12
Breckenridge.....	227.70
Northern.....	286.32
Dakota.....	251.88
Montana.....	222.14
Kalispell.....	792.82
Cascade.....	238.27

Record, pp. 100-101.

ANOTHER TABLE SHOWING VOLUME OF TRAFFIC.

Statement Showing Train Miles, Loaded Car Miles, Empty Car Miles and Average Number of Cars per Train, in the Freight Service on the Branch Lines in the State of North Dakota, Years Ending June 30, 1894-5-6-7.

Name of Branch	Length	Train Miles	Mileage Loaded Cars	Mileage Empty Cars	Average Cars per Train
1894					
Tintah Junction to Ellendale....	104	44,845	294,314	97,032	8 8-10
Rutland to Aberdeen.....	64	20,797	138,928	43,188	8 8-10
Grafton to Cavalier.....	32	8,704	86,370	41,873	14 8-10
Breckenridge to Larimore.....	225	119,135	1,668,986	657,179	19 5-10
Everest to Hope.....					
Ripon to Portland Junction.....					
Larimore to Langdon.....					
Church's Ferry to St. Johns.....	76	53,548	516,596	194,870	13 3-10
Rugby Junction to Bottineau.....	53	11,660	127,379	49,368	15 3-10
	38	7,980	51,298	17,064	8 5-10
1895					
Tintah Junction to Ellendale....	104	46,516	223,207	77,555	6 5-10
Rutland to Aberdeen.....	64	20,032	91,470	25,803	5 9-10
Grafton to Cavalier.....	32	9,024	56,536	44,186	14
Breckenridge to Larimore.....	225	185,711	2,289,316	1,380,514	19 8-10
Everest to Hope.....					
Ripon to Portland Junction.....					
Larimore to Langdon.....					
Church's Ferry to St. Johns.....	76	55,530	462,823	190,466	11 8-10
Rugby Junction to Bottineau.....	35	16,360	105,216	37,291	8 7-10
	38	11,134	53,123	17,047	6 3-10
1896					
Tintah Junction to Ellendale....	104	50,112	311,681	74,125	7 7-10
Rutland to Aberdeen.....	64	20,224	115,984	31,236	7 3-10
Grafton to Cavalier.....	32	11,558	93,095	38,233	13 1-10
Breckenridge to Larimore.....	225	320,140	4,508,358	2,801,271	22 8-10
Everest to Hope.....					
Ripon to Portland Junction.....					
Larimore to Langdon.....					
Church's Ferry to St. Johns.....	76	68,147	696,449	337,875	15 2-10
Rugby Junction to Bottineau.....	55	22,041	196,118	100,181	13 4-10
	38	15,286	137,249	63,513	13 1-10
1897					
Tintah Junction to Ellendale....	104	35,192	278,790	66,006	9 8-10
Rutland to Aberdeen.....	64	15,368	107,238	32,559	9 1-10
Grafton to Cavalier.....	32	10,304	80,890	26,735	10 4-10
Breckenridge to Larimore.....	252	232,099	3,473,157	1,014,866	19 3-10
Everest to Aneta.....					
Ripon to Portland Junction.....					
Larimore to Langdon.....					
Church's Ferry to St. Johns.....	76	33,113	455,322	100,936	16 8-10
Rugby Junction to Bottineau.....	55	17,827	180,869	71,382	14 2-10
	38	13,265	120,397	29,663	11 3-10

Record, p. 347.

Statement Showing Train Miles, Loaded Car Miles, and Average Number of Cars per Train, in the Freight Service, on the Main Lines in the State of North Dakota, Years Ending June 30, 1894-5-6-7.

Name of Line	Miles	Train Miles	Mileage Loaded Cars	Mileage Empty Cars	Average Cars per Train
1894					
Barnesville to Neche.....	181	242,859	5,359,623	1,956,411	30 1-10
Crookston to Minot.....	232	335,330	6,595,450	2,137,252	36
NOTE—In the records for 1894, the car mileage from Minot to Havre, Mont., was grouped. Average cars per train was 26 6-10					
1895					
Barnesville to Neche.....	181	239,014	5,442,309	1,642,705	29 6-10
Grand Forks to Williston.....	329	503,340	11,683,355	3,193,952	29 5-10
1896					
Barnesville to Neche.....	181	217,989	4,607,947	1,598,151	28 3-10
Grand Forks to Williston.....	329	579,514	13,065,034	3,583,714	29 3-10
1897					
Barnesville to Neche.....	181	148,009	3,239,932	904,785	28
Grand Forks to Williston.....	329	565,250	13,091,490	3,342,020	29

Record, p. 350.

The Branch lines shown in the table lie in parts of the state fully as well developed as the average of the state. The showing upon the Branch lines indicate substantially what the traffic would be but for the through traffic that runs entirely across the state.

WHAT THE TABLES SHOW.

It appears from the tables that the average ton miles per mile of road on the system is 303,377, while on the Dakota division it is 211,730, on the Northern division 191,132 and on the Breckenridge division, 180,178.

That the average number of ton miles per mile of road for the system is more than ten times the average number of ton miles per mile of road on the Aberdeen and Ellendale Branch, more than seven times the number on the Bottineau Branch, nearly four times the number on the Langdon Branch, and nine times the number on the Cando Branch.

RELATION OF COST TO EARNINGS.

The cost of conducting transportation, as respects through and local traffic, is nearly the same. The relation between earnings and cost, as respects local and through traffic, is substantially the same as the relation between the number of ton miles per mile of road over which the traffic is moved.

TESTIMONY SHOWING THE RELATION OF COST TO
EARNINGS, AS RESPECTS LOCAL AND THROUGH
TRAFFIC.

"The cost of maintaining the road and structures and the running of trains is practically the same whether trains go with half loads or with full loads. The cost of carrying a ton of freight is like the cost of raising a bushel of wheat. Everything depends upon the amount of the yield. It costs the same to raise an acre of wheat whether the yield be ten bushels or twenty-five, the ground must be plowed and harrowed, seed put in, the grain must be reaped and threshed regardless of what showing is made by a half bushel at the end of the work. If the yield is only fifteen bushels per acre, the cost of raising the grain per bushel is exactly twice what it would be if the yield were thirty bushels."

"So, in railroading, hardly a train is started upon any railroad in this country, that is not capable of hauling a larger load than can be got at that particular time and place. A train capable of hauling 1,000 tons hardly averages more than one-third or one-half that amount. But the same items of expense are involved in carrying the train over the road and in providing the road for it to run over, whether the load in the train be 100 tons or 1,000 tons. If there were one thousand tons among which to divide the train expenses, the proportion to each ton would only be one-tenth of what it would be if only 100 tons could be found to haul in that train."

"The larger the volume, the more units there are among which to divide the cost of doing the business, which is in proportion to the number of trains run and not in proportion to the number of tons hauled in the train."

"What is true of the items of outlay usually classed as operating expenses, is also true in regard to what are called capital charges. These charges represent the cost of furnishing the implements for doing the business, that is to say, the railroad and its equipment. The cost of these instrumentalities is almost exactly the same whether the number of tons offered and transported is small or great. Whether the number of tons carried per year be one million or ten millions, the cost of furnishing the instrumentalities of carriage is practically the same. In the one case this cost would rest on one million tons, while in the other case it would have ten times as many tons to carry the burden."

"North Dakota has a sparse population, many miles of railroad are required in proportion to the number of inhabitants for doing the carrying business of the state. It is a state in which railroads

are and will always be able to handle with their equipment, several times the amount of traffic that the country will afford."

"The units for sharing the cost for providing the road and its equipment, and of carrying out the business, will always be comparatively small, and the proportion that each will have to bear will necessarily be comparatively large."

"But there are other conditions adding largely to the local cost, which will likely be of a permanent character. North Dakota is a treeless country, and unprovided with fuel supplies of a class fit for use in railroad operation. It produces neither metal nor wood, and all materials for construction, maintenance and operation will always have to be carried in from a long distance at considerable expense. The cost of fuel in North Dakota suitable for locomotive engines, will undoubtedly be two or three times that in the state of Illinois, for instance, and greater than in the state of Minnesota, as the latter is nearer to the main sources of coal supply. Then, there are climatic conditions, cold weather and storms, that not only interfere with business, but make trains very much more difficult and expensive to haul."

"Taking all conditions surrounding railway business in North Dakota, it is one of the most expensive regions in the whole country for carrying on the railway business."

Clough, Record, pp. 82-86.

"There is another feature which raises the cost of handling local business in North Dakota much above the average. Most of the business is merchandise, very bulky in proportion to its weight, and moving in small shipments at one time."

"Taking weight for weight this class of traffic is three or four times as expensive to handle as heavy stuff moving in full carloads. The trouble to the company of handling a box weighing fifty pounds is more than for a whole carload of grain or lumber which is loaded and unloaded by the shipper."

"The cost of billing and passing through the accounts, and other general services on the part of the company, required for the proper care of through shipments, is practically the same."

"In handling this small stuff the cars hauling it mostly move with a very small tonnage, hardly ever as much as a quarter of their full capacity, and it costs practically as much to haul the car with a quarter load, or even entirely empty, as to haul it with a full load."

Clough, Record, p. 97.

"Under the rates which have been in force most of the local traffic of North Dakota has been handled at a loss. The companies would have been better off if none of it had moved. Very little of

the stuff handled has been the product of the state. It has been stuff shipped from the outside and then reshipped by local shippers. It would have reached the consumer anyway; the roads would have handled it; it would have gone to destination directly from the Eastern distributing or producing points. The roads would not have received quite as much money for the work, but the cost of doing it would have been much less. The difference in earnings would have been more than offset by the decreased cost of transportation. It could have been put in cars going from Eastern terminals through to destination, and in that way a good deal of work and expense would have been saved and the cars could have been loaded with larger average loads."

"The companies have been handling the local business in North Dakota at rates that have put the traffic upon the basis of something done for the accommodation of the state rather than for the profit to the company."

"The local tariffs in North Dakota have done indirect good to the companies by facilitating the growth of local commercial business, but the companies could not justify the rates as charges yielding their proper share of the total income necessary for the life and prosperity of the road."

"The local business in North Dakota has really been moved at the expense of the through shipper. The cost per passenger of running trains for business local to North Dakota has, in the main, exceeded the revenue derived from it."

Clough, pp. 101, 102.

"Business local to North Dakota is handled by station agents and train crews paid in most instances by the month."

Clough, Record, p. 249.

"The men who are employed in North Dakota are employed to do all business that comes to them, to bill a local box upon which there is a charge of 25 cents, takes as much time and work as to bill a carload of 60,000 lbs. of wheat into Minneapolis or Duluth, on which there would be an earning of ninety dollars."

Clough, Record, p. 696.

"The amount that should be charged on account of the service of station agents in doing a local business, should be in proportion to the number of shipments handled; knowing the number of shipments from all stations in North Dakota, to other stations in that state, we could tell how wages and salaries of station agents and how station supplies should be distributed."

Clough, Record, p. 677.

"The cost of moving local traffic in North Dakota, of all kinds,

cannot be less than two or three times the average cost of moving all traffic upon the system. This is for the reason that the unit of expense is the train mile, regardless of the quantity of tonnage moved in the train, and that necessarily the local business is done in a method by which not to exceed one-half a train load between division points can be moved at once."

Clough, Record, p. 672.

"The principal item of additional cost of handling local traffic as compared with through traffic, is the inability to handle a full load from division point to division point. The cost of running a freight train in any case, is practically fixed regardless of the amount of the load. A through train generally runs loaded all the way from division point to division point. A train that has to do all way business, that is that picks up and drops cars, rarely ever averages from division point to division point as much as one-half of the full load; it runs from one-eighth of a load up to a half. That is the largest item, the loss of transportation power that has been provided at the expense of the company. The next is the additional work that comes from each stop, which is quite considerable. The through business running from one division point to another requires no intermediate clerical work, no general service of any kind. For instance, freight, a carload of merchandise going to the Pacific coast from St. Paul, is billed there, and in running from division point to division point in North Dakota it does not have to be billed again. It requires no handling. But, of course, the largest item is the inability to get a full load. A train runs over a division of one hundred miles and is capable of hauling a load of 1,000 tons; the transportation power of that train in that division, is 100,000 ton miles. That is what the company pays for. Expends all the money that is necessary for that train to make 100,000 ton miles between the ends of the division. Now, if anything happens so that train only gets a quarter of a load, or 250 tons average, then the amount of ton miles that it makes, is only 25,000, and it has lost the other 75,000 tons that the company has paid for."

Clough, Record, pp. 148, 149.

"Another thing that makes the local business in North Dakota costly to handle, is the shortness of the haul. The interstate business on the road will probably average 400 or 500 miles to the haul, and there are only two terminal services. The local business in North Dakota has an average of only 60 miles haul, and there are two terminal services."

Clough, Record, p. 205.

"Wherever a train is run over the road light, where the engine is only loaded partly to its capacity, you are not operating as economically as you would be if the engine were run to its full capacity, because expenses for wages are precisely the same. It is no more with a full train than it is with a light train. It costs but little more for fuel to haul a full train over the road than it does to haul a light train. Therefore it is the constant endeavor of those engaged in the transportation department to see that trains are loaded to their capacity where the volume of traffic is such that it can be done. Upon lines where the volume of traffic is light trains are run sometimes only three times a week, but even then the number of cars or the number of tons in a train fall far below the number where business is heavier. The operating expense, therefore, in proportion to earnings, is much greater on such lines than on those where there is a heavier traffic."

Earling, Record, p. 493.

"In estimating the difference in the expense of conducting local and through business, in proportion to the earnings received, take lines upon which there is local business and where the volume is fair, and it will cost at least twice as much to do local as it would to do through business. On lines where the volume of traffic is very light it would cost four or five times as much."

Earling, Record, p. 493.

"A train starts out from Fargo with perhaps one or two cars, and by the time it reaches the end of its run at Ortonville, it probably has picked up enough freight to constitute one-half a load for the locomotive. The train has passed over the road with a tonnage of not more than 25 per cent of a full load. The train will have carried only 20 per cent to 25 per cent of a full load; it costs from four to five times as much per ton as it would have cost with a full load all the way. In other words, the expense in proportion to the earnings has been four or five times as great as it would have been with a full train from start to finish."

Earling, Record, pp. 494, 497.

"It costs more to do local business than through business in proportion in earnings. As a rule the train has to be run from one-third to one-half lighter than the engine can haul, as the trainload is, as a rule, picked up or disposed of from station to station; when a local train is started from the terminals of a division with approximately a full load, by the time it has got to the end of that division it has distributed all its freight; there may be nothing but a single car with a few hundred pounds in it. Or, returning, a train starts with a few hundred pounds—average up what it hauls and it

is substantially no more than one-half a train, probably not more than one-third. Then the expense of switching about stations in handling local business is greater than in handling through trains, that is trains that go right through without stopping. There are more or less personal injuries due, in a very large degree, to the handling of trains switching at local points, and in numerous ways. There is some additional expense in the matter of the wages of the trainmen. If you figure it all up and take the unit of traffic for one mile, the cost of transacting local business is easily two or three times as great as through traffic."

Truesdale, Record, p. 452.

"Local business costs at least three times as much as through business in proportion to the revenue, the expense of running local trains is greater because of a nearly universal rule of higher wages; engines are unable to haul all their rating owing to the necessity of picking up and setting out loads here and there; the wear and tear on frogs, switches and rails at stations is greater than on the main line. Through trains, as a rule, take their loads and run through; local trains take a greater time; the wear and tear is greater; more cars as a rule are injured and broken in local service than in through service. The risk of casualties to employes is greater, and the revenue derived from the service much less."

Harris, Record, p. 473-4.

"It costs approximately two or three times more to handle local business than through business. The amount invested in the power is practically the same; it costs just as much to house and take care of it in connection with handling local as it does in connection with through business, the only difference being a slight one in fuel expense. Local trains are seldom heavily loaded, often a car has no more than half a load, and frequently less than that. Local trains hardly ever haul on the lines of the Omaha Company, especially in Nebraska or South Dakota over fifty or sixty tons, while the engines are good for 500 tons."

Scott, Record, p. 319.

"It costs more than double on the Soo Line to handle local freight than it does to handle through freight. It is hard to give reasons without being tedious. A box from Fargo to Jamestown, N. D., on which the revenue of the company would be twelve cents, is billed, put into the car at Fargo, taken off at Jamestown. There is precisely the same operation in the billing and handling as if it was a carload instead of a box. With through freight you have an absence of station facilities, and the men employed to maintain your station and handle your freight, and you are freed from the liabil-

ity of warehousing and underwriting. You are spared the expense, practically, of the freight claims of your road and to a considerable extent the expense of the freight department which is largely employed in looking up local shipments. It is very seldom a car-load of freight goes astray, it is the integral part of it. You have paid men at stations to handle it, to load it, and trainmen to unload it. You have paid men wages many times over more than you got for the transportation of that article of freight; you have practically transported it for nothing and paid for the privilege. Where a freight train starts from a terminal with a full load, its cars fastened, and the train hauled through over a division intact, you have through freight. Now, with the same engine the day following, starting out with twenty cars, throwing freight into several stations, picking up several cars, moving them from one station to another, switching them, at the conclusion of the first day's journey on the through run the engine will have earned a stated sum of money which can be expressed by the earnings represented by the way-bills of the twenty cars; at the conclusion of the second day's journey, which is precisely the same in point of miles, and at the same expense except as to fuel, the train may not have earned enough to pay the wages of the crew."

Underwood, pp. 331-2-3.

III.

The gross earnings from all traffic, strictly local and interstate, moved on and over the branch lines in North Dakota, are not sufficient to pay operating expenses incident to moving the traffic.

For the purpose of ascertaining the earnings upon traffic moved over branch lines and the cost of moving it, all shipments beginning on the branch lines and ending on other lines in the state have been apportioned on the basis of mileage the shipment was moved. Traffic beginning or ending on branch lines and beginning or ending on lines outside of the state is apportioned to the branches upon the basis of three miles in North Dakota to two in other states.

In other words a constructive mileage of fifty per cent of the actual mileage is for the purpose of computation, allowed to North Dakota

Record, p. 656.

The following tables show earnings and, cost for year ending June 30, 1897:

Aberdeen and Ellendale Lines—

Earnings from freight service.....\$71,766 45

Earnings from passenger service..... 16,622 90

Total gross earnings..... \$88,389 35

Operating expenses.....\$99,215 19

Taxes..... 13,344 13

Total operating expenses and taxes.... \$112,559 32

Deficiency of gross earnings to pay operating expenses and taxes..... \$24,169 97

Average number of tons hauled in each freight train..... 111.78

Average ton miles per mile of road..... 29,527

Average passenger miles per mile of road... 2,043

Gross freight earnings per mile of road.... \$426 00

Gross passenger earnings per mile of road.. 98 00

Total gross earnings per mile of road... \$524 00

(Record, p. 651.)

Bottineau Branch—

Earnings from freight service.....\$18,605 09

Earnings from passenger service..... 4,287 50

Total gross earnings..... \$22,892 59

Operating expenses.....\$26,098 00

Taxes..... 4,118 40

Total operating expenses and taxes.... \$30,216 40

Deficiency of gross earnings to pay operating expenses and taxes..... \$7,323 81

Number of ton miles hauled during year.... 1,581,286

Number of passenger miles hauled during year..... 135,007

Average number of tons hauled in each freight train..... 123.45

Average ton miles per mile of road... 40,951

Average passenger miles per mile of road.. 3,490

Gross freight earnings per mile of road.... \$483 00

Gross passenger earnings per mile of road.. 110 00

Total gross earnings per mile of road... \$593 00

(Record, p. 652.)

Langdon Branch—

Earnings from freight service.....	\$98,445 06
Earnings from passenger service....	42,586 01
Total gross earnings.....	\$141,031 07
Operating expenses.....	\$98,060 71
Taxes.....	8,018 10
Total operating expenses and taxes....	\$106,086 81
Surplus of gross earnings above operating expenses and taxes.....	<u>\$34,944 26</u>
Number of ton miles hauled during year....	7,804,102
Number of passenger miles hauled during year.....	1,086,128
Average number of tons hauled in each freight train.....	172.91
Average ton miles per mile of road.....	83,020
Average passenger miles per mile of road..	11,550
Gross freight earnings per mile of road.....	\$1,047 00
Gross passenger earnings per mile of road..	453 00
Total gross earnings per mile of road...	\$1,500 00
Operating expenses and taxes per mile of road.....	<u>\$1,128 00</u>
Net earnings per mile of road.....	<u>\$372 00</u>
At six per cent equals interest on \$6,200.	

(Record, p. 653.)

Cando Branch—

Total length in miles (all in North Dakota)..	55.21
Earnings from freight service.....	\$27,185 99
Earnings from passenger service.....	6,288 19
Total gross earnings.....	\$33,474 18
Operating expenses and taxes.....	\$33,983 86
Taxes.....	5,484 65
Total operating expenses and taxes.....	\$39,468 51
Deficiency of gross earnings to pay operating expenses and taxes.....	<u>\$5,994 33</u>

Number of ton mile hauled during year....	1,863,605
Number of passenger miles hauled during year.....	184,653
Average number of tons hauled in each freight train.....	107.59
Average ton miles per mile of road.....	33,740
Average passenger miles per mile of road..	3,340
Gross freight earnings per mile of road.....	\$492 00
Gross passenger earnings per mile of road...	114 00
Total gross earnings per mile of road...	<u>\$606 00</u>

(Record, p. 654.)

Thus it appears that the gross earnings on the Aberdeen and Ellendale lines were not sufficient to pay operating expenses, there being a deficit of \$24,169.97; Bottineau Branch, deficit \$7,323.81; Cando Branch, deficit \$5,994.33; Langdon Branch, surplus \$34,944.26.

IV.

The schedule of rates adopted by the commission reduces the rates in force at the time it was adopted, over twenty-two per cent.

Under the rates adopted by the commission the gross earnings of complainant upon traffic beginning and ending in the state would have been reduced 13.7 per cent and its net earnings thirty (30) per cent.

TARIFFS.

A distance tariff is based upon mileage. Terminal tariffs, sometimes called distributing tariffs, are those which fix rates from and to important terminal points. These are usually below the level of distance tariffs because the volume of business moving to and from important points forms so great a proportion of the whole that the cost of handling is very much reduced.

Distance tariffs are relatively lower than terminal tariffs when the cost of doing business and the income derived from each is considered. A commodity tariff may be either a terminal or a distance tariff. It is used to fix the rate upon some specific article.

The greater part of all merchandise traffic is based upon classification of articles of different kinds into groups under a single head so that a rate may be named covering all the articles in that group.

Record p. 90.

There are terminal or distributing tariffs in force as respects traffic to and from St. Paul, Minneapolis and Duluth, in Minnesota, and out of Fargo and Grand Forks, in North Dakota.

LOCAL EARNINGS.

Local earnings can be ascertained and have been from an examination of way bills showing each local shipment and the amount received under the rate charged.

The local earnings in the state of North Dakota on traffic beginning and ending in the state for the four years ending June 30, 1894-5-6 and 7, were as follows:

1894.	1895.	1896.	1897.
\$111,950 76	\$113,545 69	\$139,858 65	\$135,581 58

(P. 92 Ex. "A," Table "1," p. 285, Record.)

OPERATING EXPENSES.

The percentage of operating expenses to earnings upon the system for the years ending June 30, 1894, 1895, 1896 and 1897, was as follows:

1894.....	57.19 per cent.
1895.....	54.51 per cent.
1896.....	52.16 per cent.
1897.....	55.05 per cent.

(Record, p. 93.)

Fifty-five per cent may be taken as about a fair average, taking one year with another, of operating expenses to gross earnings on the lines leased by the Manitoba to the Great Northern Railway Company. Applying that percentage to the earnings in North Dakota from freight traffic, the net earnings would have been as follows:

1894.....	\$50,377 84
1895.....	51,095 56
1896.....	62,936 39
1897.....	61,011 71

Record, pp. 92, 93.

PERCENTAGE OF REDUCTION.

The percentage of reduction in tariff rates, under the order of the commission, varies upon different commodities and for different lengths of haul. These percentages for an average distance of two hundred miles, which would cover the great bulk of the business beginning and ending in North Dakota, are as follows:

	Per cent.
Lumber and lath.....	6.
Flour, grain, etc.....	22.6
Salt, cement stucco, and lime.....	16.6
Cattle, 33 foot cars.....	24.
Horses and mules.....	26.
Sheep—double-deck cars.....	24.
Sheep—single-deck cars.....	58.
Hogs.....	41.6
First Class.....	19.4
Second Class.....	21.
Third class.....	23
Fourth Class.....	32.
Fifth Class.....	35.
Class A.....	19.6
Class B.....	19.
Class C.....	19.
Class D.....	15.8
Class E.....	19.

Record, p. 94, Ex. "5," Complainant's bill.

TARIFFS UNDER WHICH BUSINESS HAS BEEN DONE.

Not all the business moved by the complainant in North Dakota has been moved under its distance tariff. If all of the local traffic in North Dakota had been moved on the distance tariff the percentage of reduction of earnings would have been over twenty per cent.

A computation has been made to ascertain exactly what the reduction would have been if it had been applied to business actually moved during the six months, January, February, April, July, October, November, 1896. These six months were taken because the business done in them is a fair representation for the whole year. The result of this computation shows that applying the commissioners' rates to the local traffic actually moved in those months, the reduction would have amounted to 13.7 per cent of the gross earnings.

Record, p. 95.

The following is a recapitulation of the tables showing the computation.

RECAPITULATION.

Of tables showing tonnage and revenue on business between stations in North Dakota, under actual tariffs, and proposed commissioners' tariffs, in months of January, February, April, July, October and November, 1896.

MERCHANDISE IN LESS THAN CARLOADS—BEING CLASSES 1, 2, 3 AND 4.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
12,552,820	\$ 33,983 33	\$ 28,974 34	\$ 4,939 00	14 5-10

MERCHANDISE IN CARLOAD LOTS—BEING CLASSES 5, A, B, C, D AND E.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Gain	Per Cent of Gain
1,197,190	\$ 1,262 10	\$ 1,264 31	\$ 2 21	.....

OIL CAKE, OIL MEAL, FLAX SEED, GRAIN, FLOUR, MILL STUFFS, SALT, CEMENT, LIME AND PLASTER.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
5,216,190	\$ 4,977 25	\$ 4,163 23	\$ 814 00	16 4-10

LUMBER.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Gain	Per Cent of Gain
1,386,950	\$ 1,054 65	\$ 1,230 69	\$ 176 00	16 7-10

HORSES AND MULES.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
104,000	\$ 172 36	\$ 115 00	\$ 57 00	33

CATTLE AND HOGS.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
192,500	\$ 238 98	\$ 203 00	\$ 35 98	14 7-10

SHEEP.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
178,500	\$ 323 00	\$ 280 97	\$ 62 00	19

ALL OF ABOVE TRAFFIC.

Weight—Lbs.	Actual Revenue	Rev. Under Com'srs' Tariff	Loss	Per Cent of Loss
20,823,150	\$ 41,961 67	\$ 36,212 48	\$ 5,749 19	13 7-10

Ex. "C," Record, pp. 643-644.

V.

The cost of conducting transportation was 55 per cent of the total cost of operation of complainant's line of railway. Of every dollar it earned on its system it paid out in operating expenses 55 cents. Of this amount 30¼ cents was the cost of conducting transportation.

The cost of conducting transportation of traffic local to North Dakota was, during the years named, more than three times the cost of conducting transportation of through traffic. For every dollar received by complainant for moving traffic local to North Dakota it paid out in conducting transportation over ninety cents. It cost, in addition to the item of conducting transportation, at least twenty-five cents of every dollar it received on account of other items of operating expenses; the items of maintenance of way and equipment and general expenses.

It cost complainant, therefore, over one dollar and fifteen cents for every dollar that it received under its tariffs for moving business local to North Dakota.

Record, p. 81.

MAINTENANCE OF WAY AND EQUIPMENT.

The increased cost of conducting transportation of local traffic has been principally taken into account. It has been shown that the cost as related to earnings on account of local traffic, is, owing to its small volume, several times more than the cost of conducting through traffic.

As to the other items entering into operating expenses, the cost per unit of local and through traffic has been regarded as the same.

Account should be taken of the entire operating expenses because in reality the wear of rolling stock, and track is in proportion to the number of wheels run, the number of locomotives and cars moved.

The wear and tear upon the rolling stock is practically the same whether cars are loaded or empty.

There is no practicable way of establishing any difference in the

cost of maintaining equipment and track for half loaded or full loaded trains.

Where trains move with half a load it takes just twice as many trains to move freight and twice as much car and engine mileage; that is twice as much wear and tear for the movement of the same number of tons the same number of ton miles.

Record, pp. 170, 674.

TOTAL OPERATING EXPENSES LOCAL TO NORTH DAKOTA.

Of the total operating expenses on account of all classes of traffic, eighty-five per cent can be ascertained, the balance must be estimated. The cost of repairs of buildings, tracks, structures, roadway and many other items can be localized.

The cost of repairing and maintaining equipment and general expense must be apportioned upon an estimate.

The following table shows the total operating expenses in North Dakota, on account of all classes of traffic, for the years named, and the gross earnings from freight traffic, local to the state:

	1894.	1895.	1896.
Maintenance of way and structures	\$525,703.22	\$338,509.24	\$448,889.77
Maintenance of equipment	217,067.79	218,391.78	267,502.10
Conducting transportation	666,680.98	759,310.30	921,186.70
General expenses	138,936.76	78,280.22	82,528.53
(Table 2, Ex. "A," Record, p. 285.)			
(Farrington, Record, p.306.)			
Gross earnings	111,950.76	113,545.69	139,858.65
(Record, p. 92.)			

PASSENGER TRAFFIC.

So far we have considered freight tariffs and earnings. But the commission has, by its schedule, fixed passenger rates at three cents per mile, the rate in force being four cents, with the exception of mileage, round-trip and excursion rates.

The following table shows the number of passengers carried, the number carried one mile, and revenue, for the years named, at the regular four-cent rate, and from mileage, round-trip and excursion rates:

Year Ending June 30, 1894—

First class	88,068	2,618,754	\$104,569.64
Mileage	47,821	1,753,021	45,400.46

Round trip	75,952	2,019,402	61,626.83
Excursion	1,378	49,135	1,166.31
Total	213,219	6,440,312	\$212,763.24

Year Ending June 30, 1895

First class	79,175	2,507,816	\$ 99,610.62
Mileage	55,537	2,025,480	53,811.61
Round trip	70,976	1,938,182	58,341.24
Excursion	2,265	78,898	1,879.04
Total	207,953	6,550,376	\$213,642.51

Year Ending June 30, 1896—

First class	107,359	3,313,775	\$130,752.31
Mileage	64,152	2,441,985	63,809.99
Round trip	85,977	2,322,565	72,164.26
Excursion	5,637	268,997	5,127.59
Total	263,125	8,347,322	\$271,854.15

Eight months Ended Feb. 28, 1897—

First class	64,285	1,947,680	\$ 77,491.47
Mileage	29,730	1,421,000	37,983.37
Round trip	50,218	1,391,033	41,577.99
Excursion	6,988	268,324	5,736.75
Commutation	230	460	11.50
Total	151,451	5,028,497	\$162,801.08

Average Revenue Per Passenger Per Mile—

Year ended June 30, 1894.....	3.993 cents	3.304 cents
Year ended June 30, 1895.....	3.972 cents	3.262 cents
Year ended June 30, 1896.....	3.946 cents	3.257 cents
Eight months ended Feb. 28, 1897.....	3.979 cents	3.237 cents

(Exhibit "A," Table No. 4. Record, p. 286.)

REDUCTION OF PASSENGER EARNINGS.

The earnings from passenger traffic includes excursion, round trip and mileage tickets. The average earnings per mile on account of passenger traffic, local to the state of North Dakota, is not known and cannot be accurately determined, because a large part of the traffic is interstate. The Interstate Commerce Commission adopted a rule of division between passenger and freight earnings. Under this rule the average earnings on the entire system, taking into account receipts from mileage and excursion rates, during the years 1894, 1895, 1896 and 1897, was 23.4 cents per mile.

Record, p. 114.

LOCAL TO NORTH DAKOTA.

From the table it appears that the average revenue per passenger per mile has varied from 3.304 cents in 1894, to 3.237 in 1897.

The average cost per passenger per mile, for the years named has been over three (3) cents.

Had the regular rate been three (3) cents per mile, and the mileage, round trip and excursion rates remained the same, the company would not have received from passenger traffic enough to pay the cost of handling it.

VI.

Taking 13.7 per cent as the reduction made in gross freight earnings and 12 per cent as the reduction made in gross passenger earnings by the commissioners' tariffs, the result of a similar reduction of all the tariffs in force on complainant's line would have been, for the years ending June 30th, 1894, 1895, 1896 and 1897, as follows:

1894.

Net earnings made	\$4,444,634
Reduction in freight earnings	\$1,200,528
Reduction in passenger earnings	217,239
	<hr/>
	1,417,767
	<hr/>
	\$3,026,867

1895.

Net earnings made	\$5,504,262
Reduction in freight earnings	\$1,420,009
Reduction in passenger earnings	222,578
	<hr/>
	1,642,587
	<hr/>
	\$3,861,675

1896.

Net earnings made	\$6,870,419
Reduction in freight earnings	\$1,667,327
Reduction in passenger earnings	258,155
	<hr/>
	1,925,482
	<hr/>
	\$4,944,937

1897.	
Net earnings made	\$6,318,445
Reduction in freight earnings	\$1,640,501
Reduction in passenger earnings	258,158
	<hr/>
	1,898,659
	<hr/>
	\$4,419,786
Average net earnings as reduced for the four years.....	\$4,063,316

In the same four years the rentals agreed to be paid, and actually paid, by the Great Northern Railway Company on account of these properties, were as follows:

1894	\$4,752,804
1895	4,772,590
1896	4,783,015
1897	4,780,729

VII.

The property used by complainant in handling local traffic in North Dakota can only be approximately shown. Many items of cost can be localized. The amount of bonds and stock issued on account of the line in North Dakota, is known. The value of equipment has been apportioned. The fair value of the property used in a state, so far as it can be localized, is as follows, adopting a rule laid down in *Smyth v. Ames*, 169 U. S. 546.

- (a) The original cost of construction.
- (b) The amount expended in permanent improvements.
- (c) The present as compared with the original cost of construction.
- (d) The amount and market value of bonds and stocks.
- (e) The probable earning capacity under the commissioners' rates.
- (f) The sum required to meet operating expense incident to handling local traffic.

ORIGINAL COST OF CONSTRUCTION.

The cost of construction as shown by bonds and stock issued on account of the line in the state of North Dakota was \$23,660 per mile main track.

Record, p. 112.

Miller, Record, p. 714.

PERMANENT IMPROVEMENTS.

Most of the stock and bonds were issued prior to and in 1883. Since then the property has been permanently improved. When the line was first built the roadway was made only twelve feet; it has since that time been increased and widened to sixteen feet.

The tracks have been taken up upon one line, the Casselton branch, and the grade raised from two to eight feet. For a distance of many miles the original roadway was abandoned and another one graded.

When the road was built, say from Minot to Williston, in 1887, the slopes of the cuts were made one and one-half to one, and soon after the track was laid teams were put on, snow cuts were made and the slopes made from eight to ten to one.

Large embankments settled; they have been brought up to grade by day's labor.

On less than nine miles over 500,000 yards, or nearly 60,000 yards to the mile, of earth have been handled in improving grade and alignment.

In widening embankments and changing the slopes of cuts, where work has been done by contract, more than 4,000,000 yards have been added, and in work done by the company, between 5,000,000 and 6,000,000 yards more, making a total of about 10,000,000 yards.

The cost of doing this work, of raising track, putting material under it, tamping of all the ties from one to three times, keeping the track in a condition for trains to pass over it, was much greater than of handling the same amount of work during construction.

The cost of such work was at least 16c per yard, amounting to \$1,600,000. Nearly all the bridges and culverts of the road, when constructed, were of wood. The wooden structures have been removed. Stone bridges, stone arch culverts and stone box culverts, iron pipe culverts have been substituted. Steel bridges have been substituted for wooden ones.

The original cost of constructing the railroad in North Dakota was \$23,000 per mile.

Miller, Record, 703, 704.

PRESENT COST OF CONSTRUCTION.

Exhibit "A," tables 5 and 6, shows the amount of land, the quantity and character of materials, and the labor necessary for the reconstruction.

Table "6" shows the items carried out in dollars, also discount and commissions, and interest on capital fund.

Record, pages 287-289.

To the quantities of grading, earth, sand work and earth hauled as represented in this table, there should be added at least 1,000,000 cubic yards of earth removed and placed at a cost of \$1,600,000.

Record, p. 689, 701.

DISCOUNT AND COMMISSION.

"If a company should be organized to construct and equip 1,000 miles of railway in North Dakota, as well and expensively as the lines of the Great Northern and Northern Pacific have been constructed and equipped, and the work could be done, say, within a period of five years and no security could be given except upon the line to be constructed, the money necessary for the construction could not be obtained unless at a very large discount, if it could be obtained on any terms."

"The estimate in table No. 6, Ex. "A," for commissions and discounts, is entirely too low, assuming the enterprise to be an independent one. If, on the other hand, the 1,000 miles are to be constructed by a railway company like the Great Northern or Northern Pacific, having good assets amounting to three or four times the sum to be raised, and which can be mortgaged to secure the money required, discounts and commissions would be less than 20 per cent, and probably not exceeding 10 per cent."

Clough, Record 120.

"If a road was to be built (reproduced) in North Dakota, under existing conditions, extending from Fargo to the Montana boundary, and the various branch lines as they now exist, it would be necessary for the people undertaking to construct it to go to some money center and make arrangement for the money required for the construction. That money would be obtained by the sale of bonds secured by mortgage on the property as it is finished, and it is only a matter of experience and knowledge to determine what price a five per cent bond would bring in the New York market under such conditions as would prevail with reference to the line under construction."

"According to our experience, and to my judgment and that of competent men with whom I have conversed upon the subject in endeavoring to inform myself, it is not probable that over 80 per cent of the par value of the 5 per cent bonds could be obtained."

Kendrick, Record, 363.

"A road cannot be constructed without being subject to a charge in the nature of discount and commissions."

Winston, Record, 381.

Discount and commissions at 10 per cent upon the cost of complainant's line in North Dakota would amount to \$2,224 per mile of main track.

INTEREST.

Money must be obtained for construction and placed at the disposal of the builders of the line.

Interest must be paid upon the money so obtained, and until the line is constructed and becomes self-supporting payment must be made from the construction fund.

Interest during such period upon the construction fund is an item entering into the cost of construction. One year would be too short a time in which to reproduce the mileage of complainant in North Dakota; it is not within experience that such a line has been completed and business so rapidly developed as to yield a fair rate of interest upon the cost of construction within a period of one year after commencement of construction. Three years is more nearly correct. If we take two years, there would be an interest charge of 5 per cent on the capital fund for each year, equal to 10 per cent for one year, and amounting to \$2,224 per mile of main track.

Record, p. 121.

MATERIAL AND WORKING CAPITAL.

It is necessary that railway companies like the Great Northern and Northern Pacific should have on hand at all times a surplus of material to be used when required to make repairs and renewals and meet contingencies; \$350,000 is not too much for the purpose. Then there should be a working capital of at least \$250,000 in cash and credits to meet daily and current obligations and expenses as they accrue. These items together amount to \$600,000, or \$556 per mile of main track.

Record, p. 122.

SIDE TRACKS.

The estimate (table "5" above) does not include the cost of side tracks, of which there are 112 miles in the state of North Dakota.

It thus appears that it would cost to reproduce the complainant's line in North Dakota over \$25,000 per mile.

EQUIPMENT.

The equipment of the complainant is used upon its road as an entirety. Any car or any engine is liable to be moved to any part of the system at any time. Under such conditions it is fair to apportion the cost of equipment upon the mileage ratably either in proportion to the mileage of main track, or car and engine mileage upon it.

Either method would come substantially to the same result.

Taking the method of main track mileage in North Dakota, it comes to \$3,500 per mile main track.

Clough, Record, 118.

The amount of equipment required to handle the business of the Northern Pacific in North Dakota is estimated at \$3,615.75 per mile. This apportionment is based upon experience in the transaction of the current business of the state, and an assignment has been made of a certain number of cars per mile, based upon the actual equipment of the road divided by the entire mileage of the road. Taking the system as a whole it has been assumed there would be required for use in North Dakota 20 per cent more than the amount based upon mileage.

The reason is, the number of cars required in North Dakota during the fall months when wheat moves. At such times it is impracticable to obtain cars from other and outside sources, so any company must provide itself with equipment sufficient to handle the business at that time.

Kendrick, Record, 356, 357.

COST OF TRANSPORTATION DURING CONSTRUCTION.

A large item of the cost of construction is that of transporting men, material and supplies. In the computations made a rate has been charged of .6 of a cent per ton per mile of haul for freight. This is undoubtedly much below a fair price, and much below what it would cost an independent company undertaking to replace the line of complainant as an independent enterprise.

In addition there is a large amount of free transportation of men, and also transportation of material for renewals, repairs and permanent improvements.

Clough, Record p. 119.

COST OF RENEWALS AND PERMANENT IMPROVEMENTS.

It is not possible to reproduce or reconstruct the line of railway of the complainant or Northern Pacific Company in one year, or five. Embankments will settle, cuts will slide, work must be

done on a new line for years to bring it into a state of equilibrium with natural forces; though the lines of each company were constructed in 1883, it is constantly necessary to make new adjustments of line and to meet conditions which were not and could not be anticipated when the roads were built.

Kendrick, Record, p. 362.

AMOUNT AND MARKET VALUE OF BONDS AND STOCK.

Bonds and stock have been issued and are outstanding on account of construction of complainant's line in North Dakota, as follows:

St. P., M. & M. Ry. Stocks and Bonds Outstanding on North Dakota Mileage, June 30, 1897—(1,078.91 Miles of Track)—

		Yearly Interest Charge.
Dakota extension bonds, 6 per cent.....	\$ 4,748,000	\$ 284,880
Consolidated mortgage bonds, 6 per cent..	5,636,000	338,160
Consolidated mortgage bonds, 4 1-2 per cent	10,144,800	456,516
Total	\$20,528,800	\$1,079,556
Stock at 6 per cent	5,000,000	300,000
Total	\$25,528,800	\$1,379,556
Per mile of road.....	23,660	1,278

The stock mentioned in the table was sold at par, for cash, and the money all put into the property. That was in 1883.

Record, p. 112.

EARNING CAPACITY UNDER COMMISSIONERS' RATES.

For the years ending June 30, 1894, 5, 6 and 7, the earnings of complainant on business beginning and ending in North Dakota would have been reduced on business actually done, 13.7 per cent.

The amount earned under existing rates during those years, was as follows:

1894.	1895.	1896.	1897.
\$111,950.76	\$113,545.69	\$139,858.65	\$135,581.58

Applying a reduction of 13.7 per cent, and the earnings would have been:

1894.	1895.	1896.	1897.
\$97,397.16	\$98,784.75	\$121,677.03	\$117,955.98

OPERATING EXPENSES.

Operating expenses to earnings on account of local traffic in the state of North Dakota, are, as we have shown, upon the item of conducting transportation alone, over three times the cost of moving through traffic; or 90 cents on every dollar received for moving local traffic.

In addition to this there is a proportionate cost of all other items of operating expense, amounting to at least 25 cents of each dollar received, making the local operating expense over \$1.15 for every dollar received.

Operating expenses against the moving of traffic local to North Dakota, are largely in excess of the amount earned and received under existing rates.

VIII.

The cost of construction of railways depends upon their location, grade, efficiency and the kind and quantity of material used; the number and character of structures, price of labor and material, and many other items.

FARGO SOUTHERN RAILWAY.

The line of this railway extending from Fargo, North Dakota, to Ortonville, Minnesota, in the Valley of the Red River cost, when constructed in 1885, including equipment, \$11,815.46 per mile, as shown by the verified report of the company to the Railroad Commissioners of Minnesota. But it was cheaply constructed. The grade was originally two feet above the level of the prairie. There was in the grade something less than 10,000 cubic yards per mile. (Darling, Record, p. 756.)

It was an easy line to build. The work was or could have been done by scraper teams, each of which could put into the grade eighty or ninety yards per day. There was not to exceed fifty (50) feet haul. The grade is low and covered with water during seasons of extreme high water on the Red River. It has about three hundred feet of sidetrack per mile and only two passing tracks.

(Darling, Record, pp. 757-758.)

The grade is not above half that of the Northern Pacific, and it cost ten cents per cubic yard as against 16c to 17c per cubic yard on the Northern Pacific and Great Northern.

Darling, Record, 756.

Miller, Record, pp. 702, 715, 723.

The line is cheap. the surface of the ground is even, heights and fills uniform, and the distance the material had to be hauled, the shortest.

The country west of the Red River Valley has frequent changes of elevation, and the classifications change, and you get into glacial drift, clay and sand. The character of material is harder and more expensive to move.

The cost of construction is greater on account of the varying height of the banks and the distance the material has to be hauled, and the appliances used in moving it. Outside of the valley the lines of railway usually cut more or less drainage which makes the line heavy and entails more bridging and heavier construction generally and there is a longer haul of all material for construction and repair.

McHenry, Record, 377.

Miller, Record, 702, 715, 723.

TESTIMONY OF A. J. EDWARDS.

Mr. Edwards, a witness for the defendants, made and submitted an estimate of the present cost of construction of the lines of the Great Northern and Northern Pacific companies in North Dakota.

According to his estimate the line of the Fargo Southern, Great Northern and Northern Pacific could be reproduced with equipment for \$10,862 per mile.

Record, p. 610.

HIS KNOWLEDGE UPON THE SUBJECT.

He had ridden five or six times in the train on the Fargo Southern line from Ortonville to Fargo. The trains left Fargo in the evening, about 7:40, so that his trips were mainly in the night. He rode over the line once in the daytime on a freight train.

Record, p. 613.

He rode over a portion of the Northern Pacific road on two different occasions, and on the Great Northern once from Fargo to Grand Forks and twice from Grand Forks to Neche, and from Grand Forks to Williston. The trains made from 20 to 25 miles an hour, and part of the trip from Grand Forks to Williston was in the night time.

Record, 624, 630.

HIS ESTIMATE:

His estimate is inaccurate.

Many of the items are too low, some of them too high.

"The item as to cost of right-of-way is insufficient, not being one-half the actual cost. No allowance is made for extra value of right-of-way in towns and for stations. The estimate for grading is fair, possibly too high for a Red River Valley line. It is deficient as to the cost of grading elsewhere. The actual cost is more

than twice his estimate. The estimate as to bridging and masonry is without meaning. A single bridge might cost more, distributed over one hundred miles, than his entire estimate. The item of rails, 66 pounds per yard, is wrong. At 66 pounds per yard there would be 103 tons per mile; he states it 119. Cost of rails per ton is too high; track laying too low. Item as to stations and water tanks too vague; and as to shops and tools is ridiculous. Engineering and contingencies is entirely insufficient, and the equipment per mile depends upon volume of traffic. He has made no allowance for clearing, grubbing, high trestle bridges, draw bridges, combination bridges; nothing for rail braces and tie plates; nothing for switches, frogs, fences telegraph, track signs, section houses, telegraph offices, roundhouses, office buildings, or general terminal facilities. Nothing for ice houses, sand and oil houses, coaling stations, stock yards, track scales, turn tables, office and station furniture; freight charges on material which are very heavy on steel and ties. There is nothing for material or supplies for operating the road, or for working capital, or for interest during time funds are employed for construction. Nothing for possible discount of bonds."

McHenry, Record, 780, 782.

Mr. Edwards' experience in railway construction and as an employee in a subordinate capacity in the office of the city engineer of Chicago, hardly qualified him to make an accurate or reasonable estimate of the cost of reconstructing the Great Northern and Northern Pacific lines, his knowledge of those lines having been acquired by riding over them once or twice in trains running from twenty-five to thirty miles an hour, a considerable portion of the run being made in the night time. The mistakes and omissions in the estimate he submitted show that he was also mistaken when he testified that he was a civil engineer.

IX.

The traffic of North Dakota requires the use of railway and terminal facilities outside of the state, the cost and value of which have not been taken into account.

There are no important markets, either for the collection of the produce of the state, or for the furnishing of merchandise and supplies for the use of its people. All the surplus products of the state find markets further east, and there are none short of Minneapolis and Duluth.

The same is true of all articles going into the state for consumption.

Lumber, fuel, clothing, merchandise of all kinds, metal, machinery, live stock, are sent into the state from eastern points.

The railroad lines within the state would be useless to the companies owning them and to the people of the state, but for the existence of the line beyond its borders.

No system has value, without terminal facilities, which from their extent and location in populous centers, require a great outlay of capital. The terminals owned by the various systems operating in North Dakota and situated in St. Paul, Minneapolis, Duluth and West Superior, are as much necessary for the railroads in North Dakota and for the use of the people of that state as if they were located at Fargo and Grand Forks.

In considering what is the fair value of a railroad and facilities for the use of North Dakota, the terminals at the eastern end must be considered in connection with the tracks and stations within the state.

Of the capital invested in such terminals a considerable percentage should be treated as an investment in and for the state of North Dakota.

Record, p. 110.

X.

Defendants introduced in evidence all the published tariffs in effect on complainant's line of railroad, both state and interstate. Comparison was made between rates per ton per mile on interstate shipments having a long haul, and the commissioners' rates, for the purpose of showing that the rates of the commission were higher for a given distance in the state, than the proportionate rate on a long haul. Comparison was also made of rates on shipments to and from Minnesota terminals and intermediate points for the purpose of showing that business local to Minnesota is not moved under distance tariff rates but under terminal rates.

DISTANCE TARIFF RATES.

The distance tariff of Minnesota, North and South Dakota is the same on complainant's line. Such a tariff is not, and cannot be adjusted upon geographical lines. The rates are based upon distance, and decrease per ton per mile as distance increases.

Mr. Phelan, defendants' witness, testified that the Minnesota distance tariff was not operative to any considerable extent in the state of Minnesota. He cited as an illustration, the case of a ship-

ment of fourth class freight from Wadena on the Northern Pacific road to St. Cloud. The rates on the distance tariff would be higher than the rate to St. Paul, eighty miles distant from St. Cloud, on the terminal tariff in force.

Terminal tariffs, as we have seen, are applied on shipments to or from large terminals where there is a large volume of traffic.

There is a small territory in Minnesota where the rule stated by Mr. Phelan is operative.

For instance, the distance from St. Paul to Elk River, is forty-one miles; to Fergus Falls, one hundred and eighty-eight.

This would make the distance from Fergus Falls to Elk River one hundred and forty-seven miles. Under the distance tariff the rate from Fergus Falls to Elk River would be 37 cents; the same class on terminal tariff Fergus Falls through Elk River to St. Paul, 33 cents. In that case, the 33-cent rate would be applied instead of the 37-cent rate upon the distance tariff.

The attempt of Mr. Phelan to show that the distance tariff in Minnesota is not used in that state, and that business there is handled under rates more nearly approximating the commissioners' rates in question, fails for the reason that the distance tariff rates in Minnesota are applied to all the business local to the state outside of a radius of ninety miles from St. Paul and Minneapolis.

Between points outside of ninety-five miles from the eastern terminals the distance tariff everywhere prevails and is not in any manner affected by terminal tariff rates.

Record, p. 663.

Under the long and short haul rule terminal tariff rates will apply, and must apply where distance tariff rates would be higher.

ST. PAUL TERMINAL TARIFFS:

We have shown that the commissioners' rates reduce complainant's distance tariff rates which are the same in Minnesota and North Dakota, over 22 per cent.

Complainant's Bill, Ex. 5, p. 30, Record.

The commissioners' rates are distance tariff rates, and are 10 per cent lower than the terminal rates out of and into St. Paul, Minneapolis and Duluth.

For a distance of 50 miles or under they are a trifle above those rates. A just comparison between the terminal rates out of St. Paul, Minneapolis and Duluth, and the distance tariff rates of the commission is shown by the following table:

Record, p. 105.

FIRST CLASS.

Miles.	Commission's	Term Tariff
	Rates.	Rates.
50	30c.	27c.
100	40c.	44c.
150	50c.	56c.
200	60c.	68c.

SECOND CLASS.

50	25c.	27c.
100	33c.	37c.
150	42c.	48c.
200	50c.	58c.

FIFTH CLASS.

50	12c.	11c.
100	16c.	18c.
150	20c.	22c.
200	24c.	27c.

SALT, CEMENT, ETC.

50	8c.	6c.
100	10c.	11c.
150	13c.	14c.
200	15c.	17c.

LUMBER.

50	8c.	6c.
100	10c.	10c.
150	13c.	12½c.
200	15c.	15½c.

FLOUR AND GRAIN.

50	6c.	7c.
100	8½c.	10c.
150	11c.	12c.
200	12½c.	15c.

HOGS.

50	8½c.	10½c.
100	11½c.	15c.
150	13½c.	18½c.
200	15½c.	21c.

CATTLE AND SHEEP.

50	.....	8½c.	.....	8¼c.
100	.....	11½c.	.....	12c.
150	.....	13½c.	.....	14½c.
200	.....	15½c.	.....	16½c.

The other classes and articles covered by the commission's tariff are not given because the results would show practically the same as those in the classes and articles in which the figures have been quoted. Upon an average the commission's tariff is at least ten per cent below the terminal tariffs into and out of St. Paul, Minneapolis and Minnesota Transfer.

MINNESOTA BUSINESS.

The local traffic on complainant's line in Minnesota and North Dakota was, for the four years ending June 30, 1897, as follows:

State.	Number of Tons per One Mile Local.
	1894.
Minnesota.....	132,216,136
North Dakota.....	3,000,972
	1895.
Minnesota.....	166,059,371
North Dakota.....	2,778,999
	1896.
Minnesota.....	248,453,391
North Dakota.....	3,456,421
	1897.
Minnesota.....	170,413,540
North Dakota.....	3,988,027

MILLING IN TRANSIT RATES.

Wheat destined to eastern terminals may be milled in transit at any intermediate point on the direct line, for which provision a charge of 2 cents per hundred lbs. is made in addition to rates named in the tariff.

The forwarding agent bills to the milling station at the rate of 2 cents per 100 lbs. higher rate than rate named in the tariff, noting on the waybill that the shipment is to be milled 'u transit.

The agent at the milling station collects the through rate under the tariff and 2 cents per 100 lbs. in addition, cost of switching and

handling to and from the mill. Then the milling station agent bills the flour manufactured from the wheat, to eastern terminals free.

Mr. Phelan made comparison between commissioners' rates from a shipping station to a milling station, and the proportion of milling in transit rates from the same shipping station to the same milling station, for the purpose of showing that the commissioners' rates were higher than the proportion of the milling in transit rate.

There is no way by which a shipper can obtain the advantage of the milling in transit rate, except under a consignment through to eastern terminals, reserving the privilege of milling in transit and paying therefor. If shipments are not consigned to terminals beyond the state, and under a low rate per ton per mile because of length of haul, the distance tariff rate applying to shipments from local stations in North Dakota will apply, and those rates are 22 per cent higher than the commissioners' rates.

PROPORTIONAL TARIFFS:

Mr. Phelan testified concerning what he called proportional tariffs for North Dakota.

There is no such thing as a Dakota or Minnesota proportion of a terminal tariff.

As length of haul increases out of terminals the rate per ton per mile rapidly decreases.

Under complainant's tariff from eastern terminals on first-class merchandise for 60 miles the rate is a fraction over 10 cents per ton per mile; for 350 miles it is less than 6 cents per ton per mile. On fifth-class merchandise for 60 miles the rate is 3.3 cents per ton per mile; for 350 miles 2.6 cents per ton per mile. Class E, merchandise, 60 miles 2 cents, 350 miles 1 cent per ton per mile.

The east line of the state of North Dakota is 200 to 300 miles west of the eastern terminals of complainant; consequently when the east line of North Dakota is reached, in making the tariffs, the haul per ton per mile in that state on through shipments from eastern terminals falls very low. There are long stretches in that state where there is no rise at all.

To illustrate: Grain, in going from Fargo to Duluth, would go north to Grand Forks. Grain from Grand Forks to Minneapolis would go south to Fargo. Fargo is distant from Grand Forks about 90 miles; but the rates, both from Fargo and Grand Forks to eastern terminals are the same.

So there are 90 miles, for which apparently, under the tariffs to

and from eastern terminals, there is no charge at all on through shipments.

If Mr. Phelan's position is correct the commissioners of North Dakota would be justified in requiring the complainant to transport local traffic between Grand Forks and Fargo for nothing.

Record, pp. 666 to 670.

EARNINGS PER TON MILE LOCAL TRAFFIC NORTH DAKOTA.

The earnings from local traffic per ton mile are higher than the earnings per ton per mile on the entire traffic of complainant's line. This comes in part from the shortness of the local haul. The average haul of all freight on complainant's system is 350 miles on each shipment, and the average rate per ton per mile, as shown in its report, is the earning that is made on an average of such haul.

The average haul on local freight, all classes in North Dakota, is about 60 miles.

Under the commissioners' tariff upon a haul of 350 miles the earnings would be less than one-half the earnings on the same kind of shipment hauled only sixty miles.

The shortness of the haul of itself more than doubles the rate of earnings on the local business of North Dakota. This clearly appears from the following table, showing commissioners' rates for 60 and 350 miles on the same class of traffic.

	60 Miles.	350 Miles.
	Cents.	Cents.
Commissioners' tariff, first-class merchandise.....	10.4	4.6
Company's tariff, from eastern terminals, first-class merchandise.....	10.1	5.6
Company's tariff, from eastern terminals, fifth-class merchandise....	3.3	2.6
Company's tariff, from eastern terminals, Class E merchandise....	2.	1.
Company's tariff, on all terminals on grain.....	2.6	.8
Company's tariff, to eastern terminals, live cattle.....	3.	1.1

Another reason for higher rate of earnings per ton per mile on the local traffic in North Dakota, is the high grade of the traffic. It is almost entirely merchandise moving under the first four classes.

This is clearly shown by exhibits "B" and "C," pp. 641, 2, 3, Record.

In the total business covered by those tables, of 20,823,150 lbs.

carried, 12,552,320 lbs. consisted of merchandise moved under the first four merchandise class rates.

The earnings on the merchandise moved under those rates were \$33,933.33 out of a total of \$41,961.67.

The large bulk of the business of complainant showing earnings of a little over 1 cent per ton per mile on the average, both in respect to tons moved and earnings from them, consists in low grade stuff moving in full carloads under a rate that would not average one-fourth of the earnings per ton per mile under the first four merchandise class rates.

Terminal tariffs on first-class merchandise produce nearly five times as much as complainant's grain and stock tariffs into eastern terminals for like distances and tonnage.

It is from the combined effect of the causes mentioned, that the earnings per ton per mile on local, high-class merchandise under short hauls is above the average per ton per mile on all classes of traffic of the system, including not only high class traffic, but low class, such as coal, wood, stone, cement and the like.

XI.

The charter of a railway company is a contract between it and the state. The obligation of this contract may not be impaired by the state nor rights vested under it taken away.

(a) The state, by the terms of the contract, gives to the company a right to construct a railway between given termini and to equip and operate it, and for that purpose to raise money by sale of bonds and stock.

(b) The company, in consideration of the right granted, and upon acceptance of the charter, contracts to sell its bonds and stock at their fair value, and at fair rates in markets where money necessary for construction and equipment can be obtained.

(c) The company also contracts to locate its line judiciously, and to construct, equip and operate it economically and in good faith.

(d) The company also contracts to provide equipment and facilities necessary to give reasonable service to the public.

(e) The company also contracts that it will not charge for its transportation and for the use of its facilities, rates that will yield earnings in excess of the amount required to maintain and operate its railway, pay its interest and fixed charges, and a reasonable dividend upon its stock.

(f) The right to fix maximum rates by public authorities having jurisdiction, is limited.

Maximum rates may not be fixed so low as to deprive a carrier

of earnings sufficient to maintain its property, pay operating expenses, taxes and interest and dividend charge upon a judicious and honest investment.

(g) The right of the company to earnings sufficient to pay fixed charges, operating expenses, interest and dividends is a contract right, and a vested right. The extent of such right, and the limitation of state regulations affecting such right, is for judicial determination.

(h) Judicial inquiry will be made solely for the purpose of determining the question as to whether the state in fixing maximum rates has violated its contract, and impaired vested rates by taking property without compensation.

VESTED RIGHTS:

"A vested right is an immediate fixed right of future enjoyment. When applied to railroad corporations the term extends to all rights of property acquired by executed contract, as well as to all such rights as are necessary to the full and complete enjoyment of the original grant or of property legally acquired subsequent to such grant."

Pearsall v. Great North. Ry. Co., 161 U. S., 646, 673.

INTEREST CHARGE.

The average rate of interest on bonds sold for construction of complainant's line in North Dakota, amounting to \$20,528,800 is 5.2 per cent. \$5,000,000 stock, 6 per cent dividend.

Record, 112.

CURRENT VALUE OF MONEY NORTH DAKOTA:

The current rate of money in North Dakota is 8 per cent. The lowest rate on choice loans is 6.5 per cent.

Von Neida, Record, 313.

The purchasers of stock trusted the credit of the company. They have no security, and must take the chance of light traffic, bad management, construction of competing lines, and changing economic conditions.

Earnings of railway companies are not assured or guaranteed. They stand before the law equal with other business enterprises, taking their chances of traffic and business conditions. What they demand from the state is, that the terms of their contract with the state shall be kept inviolate.

M. D. GROVER,
Counsel.

IN THE

CIRCUIT COURT OF THE UNITED STATES,

For the District of North Dakota,
EIGHTH CIRCUIT.

GREAT NORTHERN RAILWAY COMPANY,
NORTHERN PACIFIC RAILWAY COMPANY,
CHICAGO, MILWAUKEE & ST. PAUL RAIL-
WAY COMPANY,

Complainants.

vs.

GEORGE H. KEYES, L. L. WALTON, JOHN
R. GIBSON, as Commissioners of Railroads of
the State of North Dakota, et al.,

Defendants.

In Equity

BRIEF AND ARGUMENT FOR DEFENDANTS.

STATEMENT OF THE CASE.

"COST" AND PAYMENTS OF INTEREST AND DIVIDENDS.

An examination of the distance and other tariffs of the Great Northern and Northern Pacific railways show them to be practically alike, or on the same basis, and that these rates are profitable— is shown by the testimony of Comptroller Gray, page 260:

Q. There is something above the payment, however, of the interest and dividends spoken of? A. The accounts for the year as written so far show that sufficient had been earned to pay the interest charges and three dividends of 1 per cent each on preferred stock. As to the excess beyond that I would not feel authorized to make any statement in regard to it at present.

Q. There is a surplus above that?

* * * * *

Mr. Bunn: We have money, of course—

Q. The earnings of the road have shown sufficient to make the full interest and 4 per cent on the dividends so far in the fiscal year, have they not? A. Proportionally, yes.

Q. And also leave a balance? A. Leave some surplus, yes.
(Testimony H. A. Gray, page 260.)

The capital stock and bonds of the Northern Pacific Railway

Company are shown, in the testimony of Comptroller H. A. Gray, to be as follows:

Preferred capital stock	\$ 75,000,000
Common capital stock	80,000,000

Total capital stock	\$155,000,000
The total bonds	161,000,000

Total bonds and stock	\$316,000,000
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The mileage of the Northern Pacific railroad represented by the capital stock of the company (witness H. A. Gray) is 4,507.15.

This gives, per mile of road:

Preferred capital stock	\$ 16,640.22
Common capital stock	17,749.58

Total capital stock per mile	\$ 34,389.80
Bonds per mile	\$ 35,721.03

Total bonds and stocks per mile	\$ 70,110.83
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So, that according to the testimony of Mr. Gray, the road is paying interest on \$35,721.03 per mile, and dividends on \$16,640.22 per mile, a total of \$52,361.25 per mile—with a surplus left, and this pays its full legal interest obligations and a surplus besides—after paying 4 per cent to preferred stockholders, the amount of which and the purpose of which the general manager of the road does not know. (Testimony J. W. Kendrick, page 253.)

Q And has also been enabled, in addition to these different payments, to pay up a surplus? A. I believe it has.

Q. Amounting to how much? A. I am unable to answer that.

Q. Who can answer it? A. I presume the comptroller could answer that question.

Q. Which surplus might be distributed if the company saw fit as a dividend upon the common stock? A. No.

Q. And is held by the company for that purpose? A. I can't answer that.

Q. For what purpose is that surplus held? A. That is something that is not within my jurisdiction, and am not competent to answer.

Q. Who knows that? A. The president and board of directors.

Q. Where is the president of the company? A. In New York.

Q. Will the records show that—or under your charge as general manager—you mean to state, as general manager of the road, you

have no knowledge as to for what purpose that money is held? A. Yes, sir.

So that interest and dividends are being paid on \$52,361.25 per mile, with a surplus remaining, which the general manager does not know is not being held to pay dividends on the remaining \$17,749.58 per mile of common stock. It is plain that there is money in hand to pay some part of these dividends if the president and board of directors choose to apply the funds in that direction. And there is no evidence that there is not sufficient to pay the entirety of these dividends. The information as to how much there was of this money was sought but not obtained. Assuming that there was surplus enough to pay the whole of this dividend on common stock, the road is earning, over and above its operating expenses, a net income on \$70,110.83 per mile.

It there is enough surplus to pay this dividend on common stock, no matter whether the president and board of directors so apply it or not, the road is earning on the basis—net—of \$70,110.83 per mile. The rate payers have paid this money into the treasury of the company and the sum of money, over and above operating expenses, represents interest and dividends so far as the rate payers are concerned.

The probabilities of the case are that this surplus is large; as had it been but a small amount the officers of the company would have been very likely to have let it be known.

If there was half enough to pay a dividend on the common stock, the rate payers would be paying on a total value of the road of \$61,236.04 per mile.

The surplus required to pay on this common stock would be:

At three per cent—

To pay dividends entire	\$ 2,400,000
To pay one-half dividends	1,200,000

At four per cent—

To pay dividends entire	\$ 3,200,000
To pay one-half dividends	1,600,000

This is for the entire fiscal year. Quarterly dividends, of course, would require one-fourth of these sums.

Now, with reference to this dividend on common stock, I beg to quote from the New York Daily Stockholder of Tuesday, August 23, 1898:

"Haight & Freese say: 'The possibilities of the low-priced stocks in such a market as the present are unlimited, and Northern Pacific common will lead this group. It has earned almost 3 per cent

for its fiscal year, and a dividend distribution is only a question of a short time. Dividend paying stocks are being taken out of the street for the incomes they are earning in larger quantities than ever before, creating a situation the most favorable in years for operating in low-priced stocks with a certainty of handsome profits."

This seems to supply some information which the western officers do not possess.

Now, having fixed that the sum upon which interest and dividends is paid is larger than \$52,361.25, with a strong probability that the sum is \$61,236.04 per mile—or not unlikely \$70,110.83 per mile, the question is to be answered as to the value of this property.

This seems to be a difficult matter to arrive at. It is in evidence—testimony of A. W. Edwards, page 8:

Q. What was the total cost per mile for constructing that entire line (Fargo Southern)? A. \$10,106.00 per mile.

Q. What was the total cost of construction and equipment of the line, per mile. A. \$11,815.46.

Q. Was that road built for local purposes? A. Yes, sir.

Q. How was it equipped with reference to ability to handle the local traffic originating on it? A. Fully equipped for the purpose for which we were operating it.

In this same connection the testimony of Mr. Winnie (page 12 of his testimony, taken at Chicago, September 7th, 1898,) where is introduced a statement showing the cost of the Fargo & Southern railway, being the statement introduced by A. W. Edwards (page 8 of his testimony, taken at Fargo, July 27th, 1898,) with certain additions made by Mr. Winne to show what additional expenditures were made after the Fargo & Southern road was acquired by the Chicago, Milwaukee & St. Paul company. This statement is entitled "Chicago, Milwaukee & St. Paul Railway Company, cost of Fargo & Southern Railway" and is marked among Chicago, Milwaukee & St. Paul exhibits as exhibit No. 21.

It shows with all the additions made for all purposes, the cost of road and equipment to be \$13,761.57 per mile, instead of \$11,815.46 per mile, as shown by Mr. Edwards (testimony, page 8), an increase of \$1,946.11 per mile, or about 16½ per cent more than the cost as testified to by Mr. Edwards—less than half the cost per mile as shown in Mr. Kendrick's testimony. So that in a comparison of figures, the figures of Mr. Edwards can be used—or increased 16½ per cent to give the estimate of cost as shown by the Chicago, Milwaukee & St. Paul and the testimony of Expert Civil Railroad Engineer H. A. Edwards.

Q In your opinion, could a road be built with that money equal to such a road as the Fargo & Southern in the state of North Dakota? A. Yes, sir.

Q Or equal to any of the branches of the Northern Pacific or Great Northern which you have examined? A. I think that through the valley anywhere, this level country here, the road can easily be built for \$10,362.00 per mile.

Q With the amount of equipment you have specified?

A. Yes, sir. I may say that the equipment is proportionate to the amount in those roads already running.

(H. A. Edward's testimony, page 98.)

For purposes of comparison in this argument the following details of construction as testified to by Mr. Edwards is presented:

COST OF ROAD AND EQUIPMENT IN NORTH DAKOTA.

(Testimony of H. A. Edwards, page 97.)

Right of way, at \$10 per acre, 100 feet wide,	
12 acres to the mile: \$10.....	120 00
Grading, three feet embankment, 11,000 yards	
at 12 cents per yard.....	1,320 00
Masonry, per mile.....	203 00
Bridges: steel, per mile.....	\$137 40
Trestle, per mile.....	595 00
Culverts, per mile.....	126 00
	<hr/>
	848 40
Ties, 2,640 at 34 cents.....	897 60
Rails, 119 tons, 66 ^{lb} per yard, at \$30 per ton....	3,570 00
Track laying.....	225 00
Angle iron, bolts and spikes.....	316 70
Ballast, per mile.....	440 00
Stations and water tanks.....	293 00
Side tracks.....	130 00
Shops and tools.....	52 00
Engineering and contingencies.....	371 00
Equipment, per mile.....	2,274 00
	<hr/>
	\$11,360 70

In the cross examination of this witness it was sought to be shown that his experience as an engineer did not qualify him as an expert.

Mr. Bunn, in cross examination, asked the witness:

Q Your work was running a line, not constructing?

A. No, sir. Estimating for construction.

But it may be noticed, in passing, that Mr. Edwards qualified precisely for the kind of work here under discussion—estimating for construction. It is not what the construction costs so much as what it ought to cost under proper regulations. The estimating engineer figures out precisely what the works should require. It does not require vast experience in the actual handling of the dirt upon the dump. An experienced engineer is the most thoroughly qualified person to furnish an estimate of the cost of railroad work, even though he never built a mile of railroad in his life. Not but that Mr. Edwards was engaged in construction, though from his testimony it appears that since 1855 he has been almost continually engaged in laying out railroads and similar work and in estimating the cost of its construction. And upon this head his evidence would seem to have much more value than that of the simple contractor or contractor who had simply built road after estimates furnished by engineers in the very position of that occupied by Mr. Edwards. This is an important point and one difficult to arrive at. On the one hand we have the interested railway people and their servants and contractors. On the other hand we produce a disinterested engineer accustomed to the work of estimating costs. Not one of these railway contractors produces an independent statement, or an independent figure. They take the statement of Mr. Kendrick, the general manager of the Northern Pacific Railway (Complainant's exhibit No. 40) and proceed to verify it. And to better illustrate this point and to show how statements of great cost are made up, let us look at this exhibit No. 40.

The first item therein is:

Right of way, 24,933 acres at \$22.96.....	\$ 572,610
Station grounds and real estate, 1,883 at \$1,102.....	2,075,481
Clearing and grubbing.....	10,000

\$2,658,091

\$2,658,091 for the land upon which to build a railway 858.87 miles long—a cost for real estate alone, for the bare ground upon which to build a railway in the State of North Dakota of \$3,094.86 per mile. Mr. Edwards places this cost at ten dollars per acre, making \$120 per mile instead of \$3,094.86.

This 858 miles of road runs through the bad lands of North Dakota and from Bismarck to Montana line, at \$22.96 per acre as given by Mr. Kendrick at \$10.00 per acre as per Mr. Edwards' estimate, at \$4.00 per acre as testified by Mr. Irons. Think of calling these lands worth \$22.96 per acre—unless indeed the lands at \$1,102.00 per acre are to be included in this stretch of country from Bismarck

to the Montana line, saying nothing about the lands that were given or that would be given for railroad building across the State of North Dakota, but what are those lands worth?

Mr. Irons testifies—(testimony, page 122):

Q. What would be the value per acre for right of way purposes on the main line and branches of the Northern Pacific railway west of Tower City? As far west as Jamestown?

A. From Tower City to Jamestown I would put the value at \$7.00 to \$8.00 an acre.

Q. From Jamestown to Bismarck on the main line of the Northern Pacific?

A. From Jamestown to Bismarck \$5.00 to \$6.00 per acre.

Q. From Bismarck to the Montana line?

A. I heard Mr. Hill say once it was worth 25 cents an acre—about \$4.00 an acre I think is a good price.

Q. What would be the value for right of way purposes, per acre, of the road traversed by the James River Valley branch of the Northern Pacific?

A. I would say \$8.00 or \$9.00 an acre, no more than that, Jamestown to Oakes.

Q. Fargo Southwestern branch?

A. Fargo Southwestern, I said \$15.00 to \$25.00 an acre. Cass county, \$15.00 to \$20.00; through Ransom probably \$7.00 or \$8.00 an acre and through LaMoure \$7.00 or \$8.00 an acre.

(Mr. Iron's testimony, pages 122-3.)

\$22.96 per acre and \$1,200.00 per acre for land upon which to build a railway in North Dakota! That is what Mr. Kendrick calls it worth in exhibit No. 40. A clear overcharge, according to witness Edwards, of \$2,974.86 per mile. Nearly \$3,000 per mile put in for padding.

The complaint of the Great Northern railway asserts the value of its road to be \$27,509 per mile and it seemed to be necessary to get the value near that mark. And it can be seen what difficulties Mr. Kendrick labored under when he was forced to put in the land at the figures given in order to get an amount in the aggregate sufficiently large.

Mr. Kendrick's estimate for buildings (exhibit 40) is as follows:

Passenger depots, brick, 4	\$ 21,500
Passenger depots, frame, 2	5,000
Freight depots, 10	51,500
Warehouses, 1	1,000
Combined depots, 73	157,500
Section houses, 76	116,500
Telegraph offices, 8	1,350

Ice houses, 11.....	12,100
Round houses, brick stalls, 104.....	208,000
Round houses, frame stalls, 24.....	24,000
Shop buildings and machinery, 1.....	125,000
Oil and sand houses, 9.....	6,300
General office buildings, 3.....	35,000
Store houses and offices, 7.....	19,000
Dwellings, 4.....	6,000
	<hr/>
	\$789,750
Water tanks and wells, 50.....	118,000
Pump houses and pumps, 50.....	56,300
	<hr/>
	\$964,050

For stations and water tanks, Mr. Edwards gives \$293 per mile. Mr. Kendrick figures \$1,098 per mile. Freight depots at \$5,150 each; three general office buildings at \$35,000, which they have not and which are not required; \$208,000 for a round house; and a supply of buildings that seem to cover not only every want, but many extravagances.

The buildings on the Fargo and Southern (Defendant's exhibit 'A') are reported as follows:

Passenger and freight stations.....	\$39,838 90
Engine and car houses and shop in round house.....	27,630 02
Fuel and water stations.....	13,252 79
	<hr/>
	\$80,721 71

A total of \$684.08 per mile for a full equipment of new buildings, including a general office, and round house and all things complete to do the business of the road.

It has been shown that, according to the witness H. A. Edwards and according to the experience of the Fargo and Southern, the following state of facts exists with reference to the estimate for buildings, as compared with Mr. Kendrick's exhibit No. 40:

Witness H. A. Edwards, buildings per mile of road.....	\$ 293 00
Fargo & Southern, Exhibit "A," per mile of road.....	684 08
Mr. Kendrick's Exhibit "A," per mile of road.....	1,098 00
a—Overcharge, per mile, \$40 over Mr. Edwards.....	805 00
b—Overcharge per mile, \$40 over Fargo & Southern.....	449 92
	<hr/>
c—Average as between a and b.....	\$ 627 46

Overcharge, 858 miles, a.....	\$690,690 00
Overcharge 858 miles, b.....	386,031 36
Overcharge 858 miles c.....	538,360 68

This, according to the witness H. A. Edwards, \$690,690, or \$805 per mile has been added to this statement of estimated cost of a railroad in North Dakota; this padding, according to the experience of a road actually built and fully equipped to do the required business, is \$386,031.36, or \$449.92 per mile; and if an average is made between Engineer Edwards' statement and the actual building experience of the Fargo & Southern, the filling in exhibit 40 amounts to more than half a million dollars—or \$538,360.68, equal to \$627.46 per mile. This on the single item of buildings.

It will be noticed in exhibit 40, that after adding these items:

Traffic charges.....	\$1,121,986
Material and supplies.....	350,000
Working capital.....	250,000
	<hr/>
	\$1,721,986

That the total cost of the 858 miles of road is thus brought up to \$16,879,819, in building \$3,615.75 per mile for equipment, over 20 per cent of the total thus found.

Exhibit "A"—The Fargo & Southern equipment cost less than 10 per cent of cost of construction. Mr. Edwards' estimates 5 per cent of cost of construction.

St. Paul, Minneapolis and Manitoba reports: Report to Railroad Commissioners, North Dakota, 1897, page 452, 9 per cent of cost of construction.

Minneapolis, St. Paul and Sault Ste. Marie reports: Report to Railroad Commissioners, North Dakota, 1897, page 524, 11 per cent of cost of construction.

Northern Pacific Railway Company reports: Report to Railroad Commissioners, North Dakota, 1897, page 284, 12 per cent of cost of construction.

Now, putting aside the bookkeeping methods employed to swell these "costs"—from this showing it appears that the cost of equipment, as shown by Mr. Kendrick in exhibit 40, is largely in excess of a true and conservative estimate. Applying the percentages of the roads and estimates above quoted and deducting the \$1,721.86 from the total cost we have this result:

Total exhibit 40—858 miles.....	\$16,879,819
Deduct.....	\$1,721,986—freight, material and capital
.....	3,105,459
	<hr/>
	\$4,827,445
	<hr/>
Leaves cost of construction.....	\$12,052,374
Equipment basis—Fargo & Southern cost.....	\$1,205,237
Equipment basis—Engineer Edwards.....	602,618
Equipment basis—St. Paul, Minneapolis & Manitoba reports.....	1,084,714
Equipment basis—Minneapolis, St. Paul & Sault Ste. Marie.....	1,325,761
Equipment basis—Northern Pacific Railway Company report.....	1,446,284
Now taking the largest of these estimates and deducting it from Mr. Kendrick's estimate and you have this result:	
Mr. Kendrick's estimate.....	\$3,105,459
Northern Pacific Railway report.....	1,446,284
	<hr/>
	\$1,659,175

An average of \$1,930 per mile overcharge.

This average will, of course, be increased if any of the other estimates are used.

It will be observed that in this calculation no attention has been paid to the following sums which appear to have been added on after the sum total was made, and which are grossly exaggerated or entirely improper charges.

The Fargo and Southern road was built for cash. The bonds of the Fargo and Southern Company were sold for cash, at par—that is the original construction bonds. It is the cash value of this road, of the roads of these complainants which we are endeavoring to ascertain. And in a computation to ascertain the cash value the addition of 20 per cent, or of any other sum over and above the cash value of the property is not to be considered. The item of \$4,951,414 added to the end of this statement has no place in an estimate of what money it will take to build a railroad. Let us ascertain the cash value and not be deceived by adding to our estimate large sums for discount and commissions.

The argument of those who contend that it is necessary to pay a commission and deduct a discount is, that railroad bonds and stocks cannot be placed at par. But in the case of this company making this estimate, they have not tried the experiment of cut-

ting the face value of bonds and stocks to about the value of the property upon which the stocks and bonds are based. This Northern Pacific Company making this enormous addition to cost of nearly \$5,000,000,—\$5,764—per mile—or half the value of a railroad built, equipped and in operation in the State of North Dakota—has to-day \$35,721.03 per mile of bonds upon which it is paying fully and entirely its interest; \$16,640.22 of preferred stock upon which it has paid the last three quarterly dividends, at the rate of four per cent per annum, this stock being quoted in the market of the world at about 80 cents on the dollar—and \$17,749.58 per mile of common stock, quoted at 40 cents, and upon which a dividend is said to be only a question of a short time. Mr. Gray testifying (page 260) in answer to the question:

The earnings of the road have shown sufficient to make the full interest and four per cent on the dividends so far in the fiscal year have they not? A. Proportionally, yes.

Q. And also leave some balance? A. Leave some surplus, yes.

And Mr. Bunn says (page 260) with reference to money left after paying interest on bonds and dividends on preferred stock:

"We have money, of course."

And as to the purpose for which this money is held General Manager Kendrick testifies (page 253) that he does not know what that purpose is. And all these payments of interest and dividends are on the basis of stocks and bonds amounting to \$70,110.83 per mile upon a property which Mr. Kendrick says can be reproduced for \$28,825 per mile, of which \$5,764 is discount and commissions.

It may easily be contended that 20 per cent discount or 30 per cent discount—or even 70 per cent discount might be demanded on a valuation of \$70,000 per mile. But if the stocks and bonds of the road were placed at the real value of the road, at what premium would they be sold—upon the present basis of payments, by the shippers and passengers, of interest and dividends?

For engineering and other expenses during construction, Engineer Edwards adds to his estimate \$371 per mile. Mr. Kendrick adds \$1,965 per mile. An overcharge of \$1,594 per mile.

An interest charge of \$1,237,853 is thrown in, interest being figured at 5 per cent. This is a year's interest on \$24,757,068, the total sum which, by a process of padding the road is estimated to cost.

When the cost value of the road is ascertained this 5 per cent may be added if it is not already included in the items of cost.

But as a matter of fact the whole amount required to build a railroad 858 miles is not secured in advance of its building and

that sum placed in bonds, when it draws no interest, to await payment for construction as it proceeds. The most simple financier, if he had this money in hand to be devoted to the purposes of railroad construction, would so arrange his deposits that the interest account would very nearly, if not quite, take care of itself. The financier who would borrow \$25,000,000 at 5 per cent to build a railroad and who would place that sum on a non-interest returning deposit, when it was certain that a large proportion of it would not be used for months to come, would be a financier too simple to attempt the building of a railroad 858 miles long. The man with \$25,000,000 in hand, or with one-half of that sum which will be all that will be necessary to provide for, would have no difficulty in an arrangement with any banks in this country to pay out the funds as required and to assume the interest charge—or at least a portion of it; but you will notice, in Mr. Kendrick's estimate, that he has not only figured interest on the entire sum of money, including nearly \$5,000,000 of discount and commission which he never had and including the interest itself. A "liberal" method of figuring which illustrates the whole extravagance of his estimate.

Scrutinize this interest charge. The sum charged is 5 per cent upon the "grand total" of \$24,757,068, which includes \$4,951,414 discount and commission, and which includes the sum, \$1,237,853 of the interest itself—although Mr. Kendrick has, perhaps more for convenience of figuring than through generosity, thrown off the odd forty cents in the interest charge.

And by this method of figuring it is shown that a property which they say can be reproduced for \$28,825 per mile is bonded for \$35,721.03, has preferred stock amounting to \$16,640.22 per mile, a total of \$52,361.25, upon which the rate payers of the road are paying all the operating expenses, every cent of the legal interest—all that is required to be paid—and besides paying all of this, there is \$17,749.58 per mile of common stock which there is a surplus in the treasury to pay dividends upon.

"Of course," says Mr. Bunn, after paying all these legal charges on \$35,721.03 per mile—about \$7,000 more than the road is worth according to Mr. Kendrick's padded statement—and after paying the quarterly dividends on \$16,640.22 per mile besides.

"We have money, of course," says Mr. Bunn. And Mr. Kendrick testifies (his testimony, page 253):

Q. And has also been enabled, in addition to these different payments, to lay up a surplus? A. I believe it has.

That is, the road is worth \$28,825 per mile, we are paying in \$52,361.25 per mile—including the full legal interest obligations of the road and four per cent to the preferred stock holders, and we have money left—but we do not know how much.

But is the road worth \$28,825 per mile? We have seen how Mr. Kendrick's statement is made up. We have detected these manifest overcharges:

First: It is shown that for \$11,815.46 a road fully equipped for the local business of the state, where it operates—has been built. And the complainants, after adding everything they can think of to this estimate are only enabled to increase it 16½ per cent to a total of \$13,761.57 per mile. This road was complete, finished and in operation.

Second: There is the testimony of Engineer Edwards, an expert who has been engaged—not as a contractor, not as a building and constructing engineer specially—but as an engineer to estimate costs of building railroads—for more than forty years and his estimate accords with the experience of the Fargo and Southern, his total figures, including equipment, as shown on page 97 of his testimony, being \$11,360.70 per mile.

It is also shown as to overcharges:

Right of way overcharge by Mr Kendrick, per mile.....	\$ 2,974 86
Buildings (average).....	627 46
Equipment.....	1,930 00
Engineering expenses.....	1,594 00
Discount and commission.....	5,764 00
	<hr/>
	\$12,890 32

Now this leaves as improper charges in this estimate, but which have not been deducted, the following items:

Traffic charges.....	\$1,121,986
Material and supplies.....	350,000
Working capital.....	250,000
	<hr/>
	\$1,721,986

And it is manifest that some portion of the interest charge of \$1,237,853 should be deducted.

But without deducting these amounts, the cost of building and equipping a road to duplicate the Northern Pacific is left at \$15,935 per mile. Material and supplies to operate a road after it has been constructed are no part of the cost of construction.

Working capital is provided for out of the earnings of the road, or at least the earnings of the road should be taken into consideration. But in any event this charge is no part of construction expenses. It is not a question of money to operate the road, but a question of how much the road is worth? What is the cash value

of this property? Not how much capital, if any, will be required to operate it after it is completed.

So that it would be proper to strike out these entirely irrelevant and immaterial items—that are properly no part of the cost—of a line to duplicate another line—of the cash value of the railroad itself. But leaving these items in—without deducting them—the plain overcharges are great enough to bring the cash value of this property to less than \$16,000 per mile.

And this estimate of the cost of the Northern Pacific is adopted by the Great Northern as their valuation.

Now the annual interest charge, per mile, on this Northern Pacific property as alleged in their complaint in this action is \$1,375 per mile. Four per cent dividend on \$16,640.22 per mile is \$655.66. The total payment per mile is thus \$2,040.60 per mile—over 12½ per cent on \$16,000 per mile of road.

Now the surplus that remains after paying all these charges—this surplus of which is unknown to the comptroller and to the general manager and which is dismissed by counsel with a wave of the hand and the declaration—“We have money, of course”—if this surplus is sufficient to pay a dividend on the common stock—and there is no evidence that it is not,—then \$709.98 per mile must be added to this net income of the Northern Pacific Railway Company.

Then \$2,750.58 per mile is the total interest and dividend account of this railroad—more than 17 per cent of the value of the road, at \$16,000 per mile in round numbers.

Or, in other words, a property valued at \$16,000 per mile in round figures is paying full interest and dividends upon over \$70,000 per mile.

And now having spent some time in ascertaining values we will examine the rates by which the rate payers are made to pay these enormous sums of money.

DOES LOCAL TRAFFIC PAY?

We come now to a consideration of the question, Does local traffic pay? The answer to this question will not be easy. We have no figures excepting those which the railway people were willing to furnish. The data by which this fact might have been ascertained was positively refused. So that calculations which might have been made from the facts cannot be made as the only persons in possession of those material and vital facts absolutely decline to permit us to examine them. We must make out what we can from their theories. We are met at the outset by witness Gray: (Page 15 of his testimony.)

Q. Is there any basis upon which earnings, operating expenses, or equipment of this system can be divided or apportioned by geographical lines, state lines or otherwise?

A. There is no such basis.

Of course Mr. Gray was not thinking of those facts chronicled in the way-bills. He was thinking of those theories to which this question opens the door.

Of course, if no basis exists whereby the earnings within a state can be ascertained, then of course, it leaves a fine opportunity for testimony of the sort which has been introduced in the "tables" verified by Mr. Gray—but made by various unknown persons. It seems to be important to these complainants that the exact facts shall not be known, so there is quite an elaborate preparation made for the production of the theoretical statements.

The examination continues: (Pages 15 and 16.)

Q. Why? A. On account of varying condition. For instance take the matter of earnings; certain of the earnings are local to one particular state, those of course can be absolutely apportioned to that state, but certain other of the earnings are on business originating in that state and running to other states and beyond, or coming into that state from outside states and passing through that state to points beyond, and such earnings cannot be absolutely apportioned to the state in question.

Q. Could they be apportioned better by state lines, any better than they could by county lines? A. They could not.

And so on, with expenses and equipment. So, at the very threshold of this inquiry we are met by the comptroller, by the chief account keeper of the company who tells us that the information which we are seeking cannot be obtained. He tells us, however, that the earnings local to any particular state can be absolutely ascertained or "apportioned," which perhaps means the same thing. And on page 28½ of testimony is given what purports to be the passenger earnings in North Dakota, for four years, as follows:

1894.....	\$156,219
1895.....	170,792
1896.....	212,206
1897.....	187,436

And on page 28 of testimony freight earnings are given as follows:

Years ending June 30:	
1894.....	\$134,220 30
1895.....	111,195 25

1896.....	103,031 13
1897.....	105,488 74

Total.....\$453,933 52

In the examination in chief these figures were thus verified:

Q. Have you a table showing the gross freight earnings of the Northern Pacific begun and ended in the state of North Dakota for the four years ending June 30, 1897? A. I have.

Q. Will you produce it, Mr. Gray? A. Those are the local freight earnings for the four years mentioned, and those are the local passenger earnings for the four years mentioned.

Q. Are those statements which you produced made up in your own office under your own direction? A. Yes, to some extent under my own hand.

Q. From what source? A. The freight earnings have been furnished by the auditor of freight receipts and the passenger earnings by the auditor of passenger receipts.

Q. From what books, papers or documents are they made up? A. Have been made up from abstracts and freight reports and from agents' reports of ticket sales and from conductors' reports of collections.

Q. Are those abstracts received and forwarded made from the waybills themselves? A. From the waybills themselves.

Q. Are those items true and correct to the best of your knowledge and belief? A. They are.

This is the sort of verification that is to be found all through this testimony. Certain figures are given to Mr. Gray by different employes of the company. They may or may not be correct. Being denied access to the original documents from whence this information was extracted by somebody—not by the witness as he testifies—it is impossible for this defendant to form any idea as to the correctness of these figures. Mr. Gray does not know. They were given to him by somebody else, who took them from reports—or who had them taken—or for all the defendant knows or that the witness Gray knows—from some copy or some memoranda, or some estimate.

These figures, so far as passenger receipts are concerned, are reported in exhibit No. 7, which is verified by Mr. Gray and in exhibit No. 8, as far as freight earnings are concerned, all verified by Mr. Gray, the figures being given to him by somebody else and not taken by him from the original sources.

Exhibit 9 purports to show how all local business would be reduced on the same basis as the reduction which would be made if the rates were reduced in other states as they are estimated to be

reduced in North Dakota. This is an hypothesis of an hypothesis verified by an officer of the company who did not get it from original sources and not of the slightest value as testimony.

Exhibit 10 takes these same figures and makes of them another pleasing combination of which Mr. Gray is simply the verifying witness and not the person who procured the data from original sources. It is concerning this statement that Mr. Bunn asks the witness if the operating expeness—which have heretofore been reported, and verified, under oath, by some other officer of the company who probably did not know whether the figures were correct or not—are “actual and fair,” (page 40) as if it were any matter, if they were “actual,” whether they were “fair” or not. The witness is asked (page 41):

Q. My question is, Mr. Gray, whether those are the proper expenses that should be set against these earnings? A. They are not, because they are based on the assumption that the cost of doing the local business is no greater than the total cost of doing all business within the state.

Now these reports, which are contained in the volumes of the reports of North Dakota Commissioners, and all in evidence in this case, are sworn to just as hard as is now this statement by which it is determined to upset statements purporting to show the same facts. It may reasonably be inferred that if, for any purpose, it is desired to set aside exhibit No. 10, that another officer of the company can be produced to “verify” another statement—of which of his own knowledge he knows nothing—refuting and setting aside exhibit No. 10.

As testimony, for the reasons given, exhibit No. 10 is of no value.

Exhibit No. 11, consisting of sheets A to H inclusive is simply the theories of Mr. Gray spread upon paper and figuring out what would happen under certain contingencies.

These exhibits contain a percentage of reduction which the witness deducts from the earnings of the years past to show a deficit. None of the facts are so gathered or presented as to be susceptible of being examined. Mr. Gray testifies concerning the preparation of these exhibits: (page 53)

“Q. So that you can't say that the mass of results to which you have testified in the statements made by you as exhibits so far, are prepared from details that have been personally examined into by you for the purpose of making these exhibits? A. I cannot say that.

“Q. About how many people have been engaged in the preparation of the several statements that you have submitted if you know? A. I do not know with any exactness.”

This includes all the exhibits up to and including exhibit 14--and these exhibits can be taken as of no more value than if they had been cut from the columns of a newspaper and handed in by some witness who thought that they were true though he did not make them and did not know who did make them, nor, of his own knowledge, whether they were true or not. Of course, they are merely the theories of Mr. Gray or of some other person, applied to a mass of figures which may or may not be accurate or actual.

With reference to all these exhibits purporting to show the amount of local business in North Dakota it must be borne in mind that only such business is included as has both terminals within the state of North Dakota. A shipment from Dickinson to Moorehead for instance, traveling 309 miles in North Dakota, on a purely local train, and less than one mile in Minnesota, would not be included in North Dakota business. Mr. Gray gives in his testimony the divisions of the business wholly or partially within the state, as follows:

Local business.....	4.2 per cent.
Received into or going out of state.....	63.9 per cent.
Passing through the state.....	31.9 per cent.

Now the business that is included in Mr. Gray's statement is merely the 4.2 per cent. Of the 63.9 per cent it is not shown what proportion of that business is wholly within the state of North Dakota. It is the business that originates in the state destined for points outside the state and business that originates in other states destined to points within the state. It would include the shipment of Dickinson to Moorehead just instanced and would also include a return shipment from Moorhead to Dickinson. The third class of business may be said to be interstate business. But what of the 63.9 per cent of all the business of the state? It is all furnished by the people of the state. The people of North Dakota pay every dollar of the freight. Not a penny of revenue is derived from the traffic that is not contributed by the people of North Dakota. Now is it, or any portion of it, local business?

This is so important a question that it would be supposed that these companies would go to some trouble to have it settled. It would be supposed that they would furnish the facts, which they alone have records of, in order that the matter might be intelligently disposed of. But with these facts suppressed it is impossible to arrive at the truth of this proposition.

For the ten months ending June 30, 1897, the Northern Pacific Railway Company reported its gross earnings in the state of North Dakota as \$2,341,354.50 (Report Railroad Commissioners North

Dakota 1897 page 327); for the other two months of the fiscal year ending June 30, 1897, it reports \$574,119.52 (same report, page 287) making a total of \$2,915,474.02. It now reports these earnings for the same period as \$392,924.74 (Mr. Gray's testimony, page 28) and so for the previous years.

How is this ascertained?

"Is there any basis upon which earnings, operating expenses or equipment of this system can be divided or apportioned by geographical lines, state lines or otherwise?

Answer: There is no such basis.

(Mr. Gray's testimony, page 15.)

How, then, did they arrive at a knowledge of the amount of the gross earnings, operating expenses and other material matters in North Dakota? It is to be borne in mind that the sum of \$2,915,474.02 as gross earnings for 1897 is verified by oath. It is sworn to be the gross earnings for the State of North Dakota, just as solemnly as it is now sworn that the earnings for the same time are \$292,924.74. Upon which occasion are we to believe these statements? And why were the facts suppressed upon which a reasonable certainty of what these earnings really were could be founded?

Mr. Gray was asked (page 71 of his testimony):

"Q. But still the present company has means of knowing, through its accounts, what the several portions of its road is doing as to earnings? A. It has not, except by going to work and figuring it out.

"Q. Has that been figured out? A. It has not."

As to how the so-called "actual" results were arrived at Mr. Gray's testimony shows (Mr. Gray, page 47):

"Q. Are these statements contained in Exhibit 11, sheets A to H inclusive, made up in the actual business of the Northern Pacific system, for the periods named, and from the books, papers and documents of your office?

"Answer: They are."

Now it would appear that if the company could furnish these "actual" figures from the "books, papers and documents" of Mr. Gray's office that it ought to be able to furnish the "actual" figures from which this question could be properly determined. But, a little later, when the actuality of these figures was investigated on cross examination of Mr. Gray, the fact as to their being "actual" was developed as follows (page 97-8):

"Q. What I mean is, did you compute in each of these ways the amount to be received by the company? A. It was figured on the actual billing and abstracts what the amount received,—simply;

substituting one rate for another, on the way bills—would have been local business.

"Q. Taking each class of freight by itself and applying these rates to each particular class? A. Took each bill by itself; it was not done by classes.

"Q. It was done upon each one of these bills? A. It was done by items.

"Q. That is by the items shown by each waybill? A. Yes.

"Q. And extending over what period of time? A. We took two sample months agreed upon by the general traffic manager as a fair month—one a spring month and the other a fall month.

"What months? A. April and October, 1896."

These figures upon which these calculations are based are thus shown to be "actual" only as guessed at upon a basis "agreed upon" by the general traffic manager. They picked out what they wanted.

They rejected what they did not want. They might have been accurate—they might have been frank—by figuring these waybills over and by allowing the defendant to check their work; but they preferred to guess at it.

It is laid down that the legislature may fix a rate and that the court may pass upon its reasonableness! but I can hardly believe that a further rule will be made setting forth that the court shall reach its conclusions from a portion of the evidence in the case, the most material part of the evidence being deliberately suppressed upon the ground that it is "immaterial."

It would seem that the court, and not the party, shall determine as to the materiality of the evidence.

And it seems conclusive that their "carefully figured out" guess work does not present facts to this court upon which it can determine whether the rates in North Dakota are profitable to the company, whether the road has been economically managed or whether the rates named in the schedule of the commissioners would result in profit or loss to the company. As a matter of fact their witness who keeps the books testifies that he does not know and the company refuses to furnish the information from which the facts might be ascertained.

As to the economical management of the road it is in evidence that for four years the earnings, fixed charges, operating expenses and deficits were as follows:

Year Ending June 30th	Per Cent Op. Exps. and Taxes to Earnings	Total Earnings	Net Earnings	Fixed Charges	Deficit
1894	74.19	\$ 16,764,369	\$ 4,326,868	\$ 10,430,300	\$ 6,503,432
1895	67.81	17,649,888	5,681,499	10,808,288	5,126,789
1896	63.44	20,049,987	7,330,275	10,514,992	3,184,717
1897	69.92	18,461,342	5,553,171	6,684,356	1,061,185

With the enormous earnings of 1896, there was still a deficit of over three millions of dollars and between 1896 and 1897 there was a reduction of nearly five millions of dollars in the amount of fixed charges.

In the year 1897 the Great Northern Railway earned \$16,511,092.67 and its operating expenses were \$8,173,890.54. Total deductions from income, including fixed charges, rents and taxes, \$14,056,825.44—leaving a profit to be devoted to the payment of dividends and to surplus of \$2,457,267.23. (North Dakota Railroad Commissioners' Report, 1897, page 417.)

The testimony of H. A. Gray (page 260) shows that for the year 1898, the Northern Pacific Railway Company paid operating expenses, interest on funded debt, dividend on preferred stock and had a surplus left.

"The accounts for the year as written so far show that sufficient has been earned to pay the interest charges and three dividends of one per cent each on preferred stock. As to the excess beyond that I would not feel authorized to make any statement with regard to it at present."

And Counsel Bunn says: "We have money."

As no figures have been introduced to show the economy of the management, perhaps these comparisons may be a guide in that direction. The court can find many similar ones in the evidence.

One thing that it was proposed to show, from the figures asked for and refused, was the local freight business of the company in North Dakota. And as to what local business it may be shown from the evidence. General Manager Collins (page 30):

"It is local freight if it is handled between two division points, regardless of whether it enters into two states or not." (Page 32.)

"I will say this, every train we run in the state of North Dakota is a local train; we have no other trains—what we call through trains in the state of North Dakota. We would denominate a through train, for instance, a train leaving Savannah, on the Mis-

mississippi river, might come to Dakota, possibly to Iowa, or any other point, but which is a full through train of through traffic, coming direct to Chicago, stopping no place except for fuel and water. That is a through train, and as compared with doing a local business, it can be done from 50 per cent to 75 per cent cheaper in my judgment." (Page 33.)

"Q. And the total expense of collecting and distributing—collecting and discharging from your trains, this freight and these passengers must, of necessity, be charged both to local and interstate traffic, that is, local traffic purely local to the state? A. It is an expense for handling all of the business that is handled on the trains.

"Q. And chargeable against all of that business? A. Yes, sir.

"Q. And the same is also true of the passenger service? A. Yes, sir.

"Q. And both classes of this business are alike expensive? A. Yes, sir, they are. Under my definition it all becomes local business."

Vice President Truesdale (page 83):

"Well, local business is business as I understand it and had in mind when giving my evidence, is business that is taken at a terminal railroad (point) and hauled part way over a division or line and left and delivered to the consignee at a point intermediate between the next division point, or the other terminus of the road; or that is picked up, that is taken from one point between the termini of the road, or from the division points of the railroad and delivered at another point between the termini, or divisional points, or business that is received and transported from points that are intermediate between termini, or divisional points and delivered at a terminal or divisional point."

(Page 34.)

"Through traffic is that which is received at terminal or divisional points of a railroad and moved through to another divisional or terminal of a railroad."

"Q. So that local business, local traffic, as you have used the term in your answers would include traffic purely local to a state and also traffic known as interstate traffic; that is, traffic carried from one state into or through other states? A. It may include both, yes, sir, and does."

Vice President Harris (page 101):

"Q. Your definition of local traffic would include both traffic that is purely local to any given state and also interstate traffic on such a line as would cross state lines? A. Yes."

Vice President Earling (page 123):

"I may add that interstate traffic may be local traffic, and would be termed interstate traffic (?) on light lines because it is not moved in through trains, is not handled in through trains, because there is not enough of state and interstate, taking it altogether to make a through train."

General Traffic Manager Bird (page 151):

"Q. No such thing as through traffic between Fargo and St. Paul? A. The proper term is local traffic, or competitive traffic, or state traffic, or interstate traffic. Through traffic is a term used more by the operating department, because when there is a through train they don't stop at local points, goes through to the end of the train run."

That Mr. Kendrick considers wheat moved out of the state as local traffic is evidenced by his answers to questions with reference to amount of equipment to be provided for doing local business. (Mr. Kendrick's testimony, page 276.)

"And it requires those 63 engines, it would require them to carry on the local traffic in that state? A. To carry on the local business as of to-day, yes, sir, during the four months when the wheat is moving."

* * * * *

"Q. Which is almost invariably shipped to Minneapolis and Duluth? A. Yes."

Now, as has been seen, it is very difficult to get at the facts because the evidence is all, necessarily, in the possession of the railroad company, who give out just what they please and no more.

Taking Mr. Gray's percentages, not because they are correct, but because they are all we can get, and taking into account the definitions given of local traffic we have this result: 4.2 per cent is called local traffic, 69.9 per cent is called traffic having one terminal in the state, and 31.9 per cent is through traffic. It needs no argument, however, to show that 4.2 per cent plus 69.9 per cent, 74.1 per cent is local traffic and 31.9 per cent is interstate, or through traffic.

The estimates of equipment, of cost of doing business are all based upon doing 74.1 per cent of the business of the state. The road is constructed upon that basis. If but 4.2 per cent of the traffic only is to be given to us in making up the credit side of our account why should we maintain and be expected to pay for a road and equipment and for the operating expenses thereof, to do a business many times that in volume. It may be said that we do not pay the operating expenses that being figured as a percentage upon the gross revenues. But the operating expenses would be infinitely

less if only an equipment for the doing of the 4.2 per cent of all the business of the state was to be cared for.

But with the figures that we have let us see what business is done locally and whether this 4.2 per cent of all the business in the state is profitable to the company.

On pages 287 and 227 North Dakota Railroad Commissioners' Report, 1897, the total amount of business performed in the state is given as \$2,915,474.02. This is on a mileage basis, a fair basis at least, to arrive at operating expenses, even if it is repudiated, when occasion serves, for other purposes. The operating expenses for the year 1897, are in evidence (Phelan, page 79) as 61.28 per cent of the gross earnings. The total amount of operating expenses for the State of North Dakota in 1897 were then, \$1,434,782.03. 4.2 per cent of this, doubling the cost of conducting transportation, would give \$112,556.58 as the proportion of operating expenses that should be charged to 4.2 per cent of the total business of the state. The passenger business is shown in exhibit 7 and the freight business in exhibit 8.

Passenger business.....	\$187,436
Freight.....	105,189
	<hr/>
Total.....	\$292,925
Less operating expenses.....	112,556
	<hr/>

Net profit on North Dakota local business...\$180,369

From this is to be deducted taxes, interest on funded debt, the balance being left to pay dividends. It is not in evidence how much these taxes are, but the complaint gives the taxes for 1896 at \$65,624.95, and allowing that they were increased in 1897 to \$70,000, the share of the 4.2 per cent of the business would be \$2,940, which deducted from the profit of \$180,369, leaves to be distributed to bondholders and stockholders \$177,429—\$207.70 per mile for 4.2 per cent of the business or \$5,192 per mile for all of the business of the state, if it all pays as well as the local business.

Thus it will be seen that these high rates which the company receives on its local business go to make up losses as shown in the table on page of this argument. \$5,192 per mile would pay a round interest on the real value of the complainant's property in North Dakota.

This percentage which has been figured on is the percentage of the tonnage as given by Mr. Gray and, if it is correct, is an indication of how this business should be divided. It is not admitted that a correct presentation of the real facts would not show better for the defendants than is here shown.

Neither is it admitted that no credit whatever should be received from that portion of purely local business, wholly within the state, which is embraced in that division of business which is local business by all definitions, but which has only one terminal within the state.

Now it is not claimed that local rates should be as low as through rates. The comparisons taken from the evidence show that the North Dakota Commissioners' schedule is based upon a rate per ton mile many times that of the through rate. It is not sought to bring rates on local traffic down to the low level which is shown in the transcontinental tariffs which are in evidence; but it is held that the losses on transcontinental traffic should not be made up by increasing local rates, or by maintaining local rates that will yield a surplus revenue to supplement those losses. The Supreme Court of the United States in the Nebraska case, said:

"Nor can the carrier justify unreasonably high rates on domestic business upon the ground that it will be able only in that way to meet losses on its interstate business."

And while it may not be shown just where the losses occur, it is shown that transcontinental rates are less per ton per mile than the rate earned by the company over its line, and applying the percentage of operating expenses to the rate per ton per mile, it is shown that the rate is less than the cost of doing the business and that consequently losses must result in that business. On the contrary, the highest rates shown on the local rates in North Dakota and the small reduction which the schedule of the North Dakota Commissioners makes upon those rates, still leaves them much higher than the terminal rates, so-called, and very much higher than the rates on transcontinental traffic.

It would appear then, as many of those transcontinental rates are less than the cost of doing the business, that the losses upon that traffic are made up from the traffic which bears higher rates. And the 4.2 per cent of traffic—of tonnage—at a high rate, is shown to yield a profit the rate of which would yield a large revenue to the company, if applied to the whole business of the company.

These comparisons have been made without taking into account that portion of the other local business that has only one terminal within the state. It has been shown that that business, which Mr. Gray says comprises 63.9 per cent of the tonnage, is regarded by the railroad experts as local business. It is regarded by the company itself as local business. It swears to it in its report for 1897 (North Dakota Commissioners' Report, 1897, pages 287 and 327) as if it were local business. Mr. Kendrick has arranged equipment to take care of it as local business; the freight is paid

by the people of North Dakota, and the traffic is with them. Until the recent decision of the Supreme Court in the Nebraska case, there was no doubt but that this was local business. And there is no doubt now that such portion of the business as is wholly within the state is local business.

The language of the Supreme Court is:

"If we do not misapprehend counsel, their argument leads to the conclusion that the State of Nebraska could legally require local freight business to be conducted even at an actual loss, if the company earned on its interstate business enough to give it just compensation in respect to its entire line and all its business, interstate and domestic."

This is not the contention in this case. It is not shown that there are losses in the conduct of the purely local business of North Dakota. There are certain theories exploited, it is true, about what would happen under a certain state of facts; but the facts themselves are withheld. The defendants have been compelled to take what figures they could get and to make such calculations as were possible from the facts which they could elicit. And those computations show clearly that it is upon the so-called interstate business—the through business—the tonnage that Mr. Gray calls 31.9 per cent of the whole—where the losses have occurred. And that although large profits have been made on the entire line in the current year, that an application of the rate of profit on the local business having both terminals within the state would have largely increased those profits.

The court in the Nebraska case continues:

"We cannot concur in this view. In our judgment it must be held that the reasonableness or unreasonableness of rates prescribed by a state for the transportation of persons and property wholly within its limits must be determined without reference to the interstate business done by the carrier or to the profits derived from it. The state cannot justify unreasonable low rates for domestic transportation, considered alone upon the ground that the carrier is earning large profits on interstate business, over which, so far as rates are concerned, the state has no control."

Now the state cannot justify unreasonably low rates for domestic transportation upon any ground. It would be most inequitable to ask the carrier to accept an unreasonably low rate for performing any service. And while it may not be conclusive evidence that a rate eight or ten times as great as a rate voluntarily made, in cents per ton per mile, is a reasonable rate, still it is a tendency in that direction. Mr. J. J. Hill, in his report to stockholders, page 17, 1894; page 20, 1895; page 9, 1896, and page 10, 1897, of these

reports in evidence and marked defendants' exhibit No. 7, commends and uses this practice.

And the evidence in this case shows that the large percentage of profit is derived from the high rates on the smallest tonnage—in proportion—moved by this company.

But, in addition to that there is the freight originating in the state, for what distance it is moved wholly within the state; and the business arriving in the state, for the distance which it is moved wholly within the state. This freight is moved locally and is called local freight by the experts.

If this freight is not to be considered in making up the account, then, on the other hand, no attention is to be given to cost and quality of equipment for moving and handling this freight.

In other words this class of business should not be charged with a rate to bring a revenue sufficient to pay large operating expenses and interest and dividends upon a sum invested for the transaction of a different class of business. Each should pay its proportion. If the percentages of Mr. Gray are to be a criterion, nearly 96 per cent of this equipment, etc., of the road is for other purposes than for doing a strictly local business. And the business having two terminals within the state should pay its just proportion, and no more.

Upon either of these suppositions—either including that business which under the definitions seems to be local business, or excluding it and considering only the smallest tonnage as local business it is shown that the losses are upon the through traffic and that the unreasonably high rates upon the purely local business of the state are not only remunerative but the profits thereon make up the losses on the through business, carried at a rate per ton per mile less than cost to the complainant.

REASONABLENESS OF RATES.

The amounts which are being paid by rate payers has been shown in an analysis of the evidence with reference to "costs" and payments of interest and dividends.

It is not asserted that either the Northern Pacific or Great Northern properties in North Dakota are of greater value than \$28,825 per mile, and it is shown by testimony of A. W. Edwards (page 8), such a road can be built and equipped for \$11,815.46 per mile, which corroborated by testimony of Mr. Winne (page 12 testimony, Sept. 7th, 1898), who adds to it \$1,946.11 per mile, making the cost \$13,761.57 per mile—road equipped.

It is admitted that interest and dividends are being paid on a sum in excess of \$70,000 per mile on the Northern Pacific and \$40,000 per mile on the Great Northern.

This enormous sum is made up by the excessive rates for freight and passengers charged by these companies who are complainants in this action, as will be shown by the evidence. And in this connection we will take up the testimony of Mr. J. E. Phelan, a witness for the defense.

The railway companies complainants have introduced in their complaints their distance tariffs and their computations of reductions to be made if the commissioners' tariffs are put into effect, are made from these tariffs.

We have taken these distance tariffs as shown in the complaints of the Great Northern and Northern Pacific and have added to it, in our comparisons, the distance tariff of the Chicago, Milwaukee & St. Paul Railway Company, which the complainants did not offer in evidence, but which was placed in evidence by the defendants and marked as their exhibit No. 2.

The comparisons are made with the commissioners' rates and Chicago Milwaukee & St. Paul Railway Company distance tariff No. 6418, in effect May 2d, 1892, said tariff being a portion of defendants' Ex. No. 2.

Since the commencement of this action new rates on grain have been put into effect by the Great Northern and Northern Pacific roads and the tariffs showing their rates have been introduced into evidence by the defendants, to-wit: Northern Pacific tariff No. 2820, in effect July 25, 1898; defendants' exhibit No.; Great Northern tariff No. 4400, in effect Aug. 1st, 1898; defendants' Ex. No.

Comparisons of these rates have been shown, the results of such comparisons showing that these companies have reduced rates below the rates which the commissioners have named as reasonable maximum rates, and which these complainants declare to be confiscatory.

It would appear, without argument, that a rate which these companies voluntarily make cannot be admitted to be a confiscatory rate, and when it is shown that these rates are lower than the commissioners' rates it should settle the question as to the higher rates being confiscatory.

It has also been shown to the court that these complainants have voluntarily made lower rates for merchandise than the rates named by the commissioners as reasonable maximum rates. And it would appear if these voluntary rates are not confiscatory that the commissioners' rates are not confiscatory—being higher. There is also a point as to what rates these complainant companies are actually receiving and upon this point we will look at the testimony

of J. E. Phelan, secretary of the Board of Commissioners of Railroads of the state of North Dakota.

Mr. Phelan testifies that he has been in railroad employ since 1873, commencing as did most of the railroad witnesses of complainants at the bottom of the ladder and working upward. He has been secretary of the Board of Railroad Commissioners since January 7, 1895. Mr. Phelan not only introduces in evidence the schedule of reasonable maximum rates as adopted by the Commissioners of Railroads of North Dakota, but he introduces various tariff sheets of the complainant railroad companies in order that they may be used in comparisons.

Mr. Phelan testifies, as to the purpose of the Commissioners in making up the schedule, as follows (testimony of J. E. Phelan, page 44):

"In making up the schedule of reasonable maximum rates and fares for North Dakota (defendants' exhibit No. 1) the main purpose was to secure a reasonable maximum rate, after taking into consideration the cost to the railroads of doing business, the volume of business and the necessity of fair profits. It was also desired to secure uniformity as far as possible in pro rating figures in accordance with distance.

Q. That is to make the rates to scientifically as nearly as possible, correspond with the distance? A. To make equitable rates and correspond with distance.

And that is what the evidence shows has been done.

The Northern Pacific, in its new grain rate, from North Dakota stations, has followed the commissioners' rates very closely. At only three stations in the state are the new Northern Pacific grain rates higher than the commissioners' rates for the same distances. The same is true of the Great Northern rates. These rates are shown in detail in the discussion of these grain rates, specifically. Other comparisons will follow to demonstrate this proposition.

Q. What investigations and comparisons did the board make between the schedule of maximum rates and the distance tariffs of the Northern Pacific and Great Northern and the terminal tariffs of the Great Northern and Northern Pacific railways and the Chicago, Milwaukee & St. Paul railway, as in effect at the time that the schedule of maximum rates and fares were prepared by the board?

A. In taking into consideration distance tariffs, Northern Pacific and Great Northern (defendants' exhibit No. 2), it was recognized that such tariffs are prohibitive as far as the movement of any considerable quantity of freight is concerned, it being the exception and not the rule to ship any considerable quantity of

freight under such tariffs. The distance tariffs (defendants' exhibit No. 2), except for short distances and shipments of small volume, cannot be applied on local shipments for the reason that the terminal tariffs (defendants' exhibit 3), Northern Pacific, Great Northern and Chicago, Milwaukee & St. Paul, merchandise and grain, give a lower rate and wherever the distance tariffs rates applying in either direction, to or from St. Paul, Minneapolis or Duluth, exceed the terminal tariff rates, the latter must apply. (Testimony, page 45.)

Thus the terminal tariffs of the Great Northern and Northern Pacific apply both ways out and into St. Paul, Minneapolis and Duluth. The so-called terminal tariffs applying to Fargo and Grand Forks apply only one way. The Chicago, Milwaukee & St. Paul distance tariff in North Dakota applies both ways. To illustrate this point the following rates are made for the same distances by the Northern Pacific, Great Northern and Chicago, Milwaukee & St. Paul.

Mile	Road from—to	Class			
		1	2	3	4
108	*G. N. from G. Forks to Churches Ferry.	51	43	34	29
108	†G. N. from Churches Ferry to G. Forks.	56	48	39	34
108	†G. N. St. Paul to Grue.....	45	38	29	23
108	†G. N. Grue to St. Paul.....	45	38	29	23
108	†N. P. St. Paul to Little Falls.....	46	39	30	23
108	†N. P. Little Falls to St. Paul.....	46	39	30	23
109	*N. P. Fargo to Windsor.....	47	40	31	25
109	†N. P. Windsor to Fargo.....	56	48	39	34
111	C. M. & St. P. (†) St Paul to Renville....	42	35	28	21
111	†C. M. & St. P. Renville to St. P.....	42	35	28	21

108	‡C. M. & St. P. Renville to St. P.	45	38	29	23
108	Commissioners' (‡) Renville to St. P.	42	35	28	21

* Special tariff.

‡ Distance tariff.

† Terminal tariff.

It will be noticed that a shipment from Grand Forks to Churches Ferry (Great Northern road) is carried for five cents less per 100 lbs. in each of the four classes, less than car-loads, than from Churches Ferry to Grand Forks; one tariff being the special tariff No. 1843 from Grand Forks to stations in North Dakota and Minnesota, the other being the distance tariff between which and the commissioners' rates all comparisons are made by the Great Northern complainant, in its complaint in this action.

But the same rule does not work out of St. Paul. The terminal tariff (No. 1117, defendants' exhibit No. 3), operates in both directions, and the rate from St. Paul to Grue, 108 miles, being given at five to six cents per 100 lbs. less than the special Grand Forks tariff. The rate from Grue to St. Paul is precisely the same, the terminal tariff applying in both directions.

So that the discrimination as between Churches Ferry to Grand Forks and Grue to St. Paul, instead of being five to six cents per 100 lbs. is 10 to 11 cents per 100 lbs.

Over the Northern Pacific the rate from St. Paul to Little Falls, 108 miles is but a cent lower (in three classes) than the rate Fargo to Windsor, 109 miles; but the rate Little Falls to St. Paul, is 9 to 11 cents lower than the rate Windsor to Fargo.

The Chicago, Milwaukee & St. Paul rate, St. Paul to Renville and from Renville to St. Paul, is the same as the commissioners' rate for the same distance.

And the Chicago, Milwaukee & St. Paul distance tariff, which is the same as the Great Northern terminal tariff, for this distance, applies in both directions, as does the commissioners' tariff.

Thus a point 108 miles from Fargo on the Chicago, Milwaukee & St. Paul is governed by the distance tariff; that is if there were not a terminal or a commodity tariff lower, would bear the same rate going to Fargo and coming from Fargo.

By the discrimination process, it will be noticed that for the same distance the following different rates are made:

Class	Cents per 100 Pounds					
First-class	42	45	46	47	51	56
Second-class	35	38	39	40	43	48
Third-class	28	29	30	31	34	39
Fourth-class	21	23	25	29	34	..

And these rates are all for local business in Minnesota and North Dakota. These instances can be multiplied indefinitely.

It will be noticed also that the rate of the Great Northern Churches Ferry to Grand Forks, as compared with the Chicago, Milwaukee & St. Paul distance tariff in North Dakota for the same distance is:

Great Northern.....	56	48	39	34
Chicago, Milwaukee & St. Paul.....	45	38	29	23

It will be seen, therefore, that Mr. Phelan's point in this connection is well taken.

Proceeding with an analysis of his evidence Mr. Phelan says (testimony, page 46): Hence the distance tariffs, Northern Pacific 1705 and Great Northern 494, defendants' exhibit 2, do not apply equally in North Dakota Minnesota and Wisconsin, thus showing discrimination against North Dakota terminals.

As a matter of fact Mr. Phelan might have gone further and said that the railroad companies, complainants, (excepting the Chicago, Milwaukee & St. Paul), by their action have destroyed North Dakota terminals. A terminal so-called, that has a higher rate in goods and produce shipped to it than is in force on goods and produce shipped from it, is in no sense a terminal. So that the action of the Great Northern and Northern Pacific Railway Companies in making a higher rate of freight on goods and produce destined to Grand Forks or Fargo, than they make on goods and produce from Grand Forks or Fargo, prevent terminals in the great state of North Dakota. To and from the Minnesota terminals of St. Paul, Minneapolis or Duluth, the rates are terminal rates governing shipments either way.

So that it is to be borne in mind when speaking of North Dakota terminals that there are no such terminals in fact. A single

example of how the terminals of Minnesota are built up at the expense of what should be North Dakota terminals may be given from the evidence.

The rate on cattle, Bismarck to Fargo, 194 miles, is \$47.00 per car; Bismarck to St. Paul, 445 miles, \$54.50 per car. It hardly requires an argument to show how completely Fargo would be shut out of competition with St. Paul by this tariff. The rate to Fargo is .0255 per ton per mile while the rate to St. Paul is .0128 per ton per mile; but a little more than half the Fargo rate proportionally—or in other words the rate per car Bismarck to Fargo at the same rate per ton per mile as the St. Paul rate would be \$24.98 per car instead of \$47.00 per car as it is. And these discriminating rates prevent anything like a terminal point at Fargo—or anywhere in North Dakota. The commissioners' rate on this car of stock from Bismarck to Fargo (defendants' exhibit No. 1), is \$29.45 per car, allowing \$4.47 per car as a differential in favor of the shipment the longer distance. This rate of the commissioners is .0159 per ton per mile as against .0128, the St. Paul terminal rate.

The commissioners' rates, according to Mr. Phelan's testimony, made their tariff to be more equitable and more scientific than the tariffs which are so widely apart and so full of discrimination.

The witness, Mr. Phelan, is then interrogated as to the tariffs upon which shipments are actually made in North Dakota. (Testimony of J. E. Phelan, page 46.)

Q. Under what tariff is grain, flour, flax seed, etc., actually shipped within this state?

A. For grain, flour, etc., milling in transit rate is applied, using the rate indicated by special terminal tariffs in defendants' exhibit No. 3.

Q. Under what tariff is lumber, lath and shingles actually shipped within the state?

A. Lumber, lath and shingles have little or no movement in the state, such freight coming into the state on special tariffs from eastern or western points—as in defendants' Ex. No. 5.

Q. Under what tariff is live stock actually shipped within the state?

A. Live stock has very little movement locally in North Dakota under the distance tariff (defendants' Ex. No. 2). When such movement occurs it is under the special terminal tariff (defendants' Ex. 6) or under special stock cattle tariffs (defendants' Ex. 6.)

And after the example given, showing the discrimination as between Fargo and St. Paul from Bismarck, it does not seem wonderful that there is no movement. The trade that might be built up within the borders of the state is simply throttled by a prohibi-

tive and discriminating tariff, which the commissioners have sought to modify and correct.

(Testimony, page 47.)

Q. Under what tariff is coal actually shipped within the state?

A. Lignite coal is moved under special tariffs (defendants' Ex. No. 10.)

Q. Do you mean to say that the distance tariff is only used for a small percentage of the shipments of local business within the state?

A. The distance tariff exists as indicated in defendants' Exhibit No. 2. In actual practice such tariffs apply to only a small percentage of the business transacted locally. All the business done in the above special tariffs is as much local business as that occasionally moved under the distance tariff.

And it must be borne in mind that there is no complaint before this court except as applies to the distance tariffs, which are made a part of the complaints of the Great Northern and Northern Pacific Railway Companies. The comparisons are made by these companies as between the commissioners' rates and the rates named in the distance tariffs. These distance tariffs are selected by the companies for comparison because they are the highest tariffs of these companies. And when it is shown that these distance tariffs cover but a very small portion of the traffic of these complainants within the state, their case seems to be without foundation.

The Chicago, Milwaukee & St. Paul case is somewhat different. They do not set up their distance tariff—which the defendants have introduced and upon which comments have been made. It has been shown that the commissioners' tariff is but slightly different from the Chicago, Milwaukee & St. Paul distance tariff in effect in North Dakota and in force except where lower tariffs govern. And it would appear that if the commissioners should be restrained from enforcing their tariff, lest its operation should confiscate the property of the Great Northern and Northern Pacific, that the Chicago, Milwaukee & St. Paul, with a similar distance tariff, should also be restrained from confiscating their own property!

Now there are in effect in North Dakota the following tariffs that are lower than the distance tariffs with which the comparisons of the complainants are made, and under these tariffs the bulk of the business in North Dakota is performed by the railroad companies.

Defendants' Exhibit No. 2:

Northern Pacific tariff No. 1610; a freight tariff on merchandise between St. Paul, Minnesota Transfer, Minneapolis, Duluth, West

Duluth, West Superior or Superior and all stations in Wisconsin, Minnesota and North Dakota.

This tariff went into effect July 12, 1891, is lower than the distance tariffs and governs shipments of merchandise into and out of the state of North Dakota from and to the east.

Northern Pacific tariff No. 2196:

This is the grain tariff of the Northern Pacific, and is superseded by tariff No. 2820, in effect July 14, 1898.

Northern Pacific tariff No. 2820:

(Defendants Exhibit No.) is a special tariff on grain, flax seed, flour, millstuffs, millet seed, oil cake, oil meal and potatoes, between St. Paul, Minneapolis, Minnesota Transfer, Duluth, West Superior and Superior, and stations in Wisconsin, Minnesota, North Dakota and Montana.

This tariff is lower than the distance tariff and covers all shipments of grain, etc., into and out of North Dakota from and to the East.

Great Northern tariff No. 1284:

This is a grain tariff and is superseded so far as North Dakota is concerned, by tariff No. 4400.

Great Northern tariff No. 4400:

Freight tariff on flax or millet seed, grass, flour, grain, millstuffs and potatoes between St. Paul, Como, Minnesota Transfer, Minneapolis, Minneapolis Junction, Duluth, Minn., West Superior or Saunders, Wisconsin, and stations in Minnesota, North Dakota, South Dakota and Montana. This tariff is lower than the distance tariff and covers all shipments of grain etc., into and out of North Dakota from and to the East.

Great Northern tariff No. 1117:

Freight tariff on merchandise, salt, cement, lime or stucco, between St. Paul, Como, Minnesota Transfer, Minneapolis Junction or Minneapolis, Minn., and stations in Minnesota, North and South Dakota. This tariff is lower than the distance tariff and governs shipments of the articles named into and out of North Dakota to and from the East.

Great Northern tariff No. 1086:

Freight tariff on merchandise, etc., between Duluth and lake points and stations in North Dakota, etc. This tariff is lower than the distance tariff and governs shipments of the articles named into and out of North Dakota to and from the East.

Defendants' Exhibit No. 4—Great Northern Nos. 3826 and 1843 with supplement. These are the so-called terminal tariffs from Fargo and from Grand Forks and govern shipments of merchandise from the points named to stations in North Dakota and Minnesota.

These are somewhat lower than the distance tariffs and supersede these tariffs on shipments out of those stations.

Some comparisons are here given to show how these tariffs—lower than the distance tariffs of either the Great Northern or the Northern Pacific—compare with Chicago, Milwaukee & St. Paul distance tariff No. 6418, governing local traffic in North Dakota both ways. The Great Northern tariffs apply only one way:

	Class				
	1	2	3	4	Miles
Grand Forks to Michigan City, (G. N.)..	33	28	22	19	54
C. M. & St. Paul, distance tariff.....	33	28	21	17	54
G. N.—Grand Forks to Grand Harbor....	50	42	34	28	96
C. M. & St. Paul, distance tariff.....	42	36	27	21	96
G. N.—Grand Forks to Knox.....	57	48	38	32	131
C. M. & St. Paul, distance tariff.....	51	43	33	26	130
G. N. Grand Forks to Willow City.....	63	53	43	36	167
C. M. & St. Paul, distance tariff.....	63	53	41	32	170

These distance tariff rates of the Chicago, Milwaukee & St. Paul are lower, especially on the classes most in use, than the special tariffs of the Great Northern and the special tariffs of the Great Northern are lower than their distance tariff. So that the confiscatory policy of the commissioners, as alleged, ought to apply to the Chicago, Milwaukee & St. Paul road as well as to the commissioners.

Or put it another way: The commissioners make a lower rate than the Great Northern and Northern Pacific distance tariffs in order to confiscate their property, while the Chicago, Milwaukee & St. Paul make a lower rate—in order to make money.

Northern Pacific Nos. 3029, and 3749 with amendments:

These are the Northern Pacific so-called terminal tariffs and gov-

ern shipments of merchandise out of Grand Forks and Fargo one way only.

The following comparisons of this tariff (which is lower than the Northern Pacific distance tariff) is made with Chicago, Milwaukee & St. Paul distance tariff No. 6418, governing local business in North Dakota both ways:

Miles		Class			
		1	2	3	4
50	Fargo to Butzville (N. P.).....	30	28	20	15
50	C. M. & St. Paul, distance tariff.....	32	27	21	16
98	Fargo to Berlin, (N. P.).....	45	38	30	23
98	C. M. & St. Paul, distance tariff.....	42	36	27	21
151	Fargo to Steele, (N. P.).....	58	50	39	35
150	C. M. & St. Paul, distance tariff.....	57	48	37	29
199	Fargo to Mandan, (N. P.).....	72	62	49	41
200	C. M. & St. Paul, distance tariff.....	72	61	47	38
290	Fargo to Taylor, (N. P.).....	90	77	61	52
290	C. M. & St. Paul, distance tariff.....	90	77	59	45
309	Fargo to Dickinson, (N. P.).....	93	81	64	55
310	C. M. & St. Paul, distance tariff.....	94	80	61	47

This comparison shows the C., M. & St. Paul distance tariff governing both ways, to be lower than the special tariff of the Northern Pacific, which special tariff is lower than the distance tariff, with which only, in Northern Pacific complaint, is comparison made.

The Chicago, Milwaukee & St. Paul road certainly do not intend to maintain a rate that is confiscatory of their own property and yet they have in effect a distance tariff lower than the special tariffs of their co-complainants.

Defendants' Exhibit No. 5.

Sundry tariffs governing shipments of lumber, lath and shingles, from the east and from the west, to and from North Dakota, and covering shipments of those articles into and out of the state in both directions. This tariff is lower than the distance tariff of the Great Northern and Northern Pacific and covers the articles named.

Defendants' Exhibit No. 6.

Sundry tariffs covering live stock shipments into and out of the state to and from the east. These tariffs are lower than the distance tariffs of the Great Northern and Northern Pacific and cover as above.

Defendants' Exhibit No. 8.

Northern Pacific special tariff from points in Manitoba to St. Paul, etc., on grain. Shipments of grain through the state from the north. This tariff, it may be noted in passing, makes the same rate from Meckinock and Portage la Prairie—which is 194 miles further from St. Paul, and only increases the rate one cent from Brandon, which is 250 miles further. It would seem that the effort to confiscate the property of the Northern Pacific was being made by the tariff makers of that company rather than by the commissioners. Or can it be that the rate from Meckinock, in North Dakota, on grain to St. Paul, was great enough to allow the company to haul grain 194 miles further and through Meckinock to St. Paul for nothing? And was the Meckinock rate great enough to permit the hauling of grain 250 miles further and through Meckinock for one cent per 100 lbs.? The distance tariff, which the commissioners are said to have assaulted in such a manner as to reduce their company to beggary, by confiscation of their property names 19½ cents per 100 lbs. for hauling grain 250 miles and 17 cents per 100 lbs. for hauling grain 194 miles. And yet the Northern Pacific Company, regardless of their distance tariff, regardless of those perils of confiscation with which the commissioners have threatened them, offer foolishly to carry grain 531 miles for the price fixed for 337 miles in their special tariff and 587 miles for a cent per 100 lbs. more than the price for 337 miles. Or 17 cents worth of hauling per 100 lbs. for nothing, and 19½ cents worth of hauling per 100 lbs. for one cent.

From this table of rates what a magnificent array of hypothetical tables the talented and efficient comptroller of the Northern Pacific road could add to that beautiful, but meaningless display with which he has attempted to confuse this court.

Defendants' Exhibit No. 10:

The lignite coal rates in North Dakota.

Defendants' Exhibits Nos. 14, 15, 16.

These are the tariffs of the Transcontinental Freight Bureau and govern the shipments of transcontinental freight through North Dakota from east to west and from west to east.

So that here are tariffs governing shipments:

- (1) From points without the state to points within the state.
- (2) From points within the state to points without the state.
- (3) From points without the state to points without the state, through the state and
- (4) From the points Grand Forks and Fargo to points within and without the state, leaving the traffic between stations other than Grand Forks and Fargo, and into Grand Forks and Fargo to be governed by the distance tariff.

So that Mr. Phelan's testimony that the distance tariffs cover but little of the business actually performed by the several companies complainants in this suit, is corroborated by their own tariff sheets.

For instance, in the matter of wheat shipped from points within the state to other points within the state, the milling in transit rate is used. Mr. Phelan gives an example of the operation of that rate.

A. As an example of the milling in transit rate, take for instance the rate of grain from Cavalier to Minneapolis or Duluth, which is 19 cents per 100, as in defendants' exhibit 3. The rate on grain from Grafton to Minneapolis or Duluth is 18 cents per 100—defendants' exhibit 3. The milling interests of Grafton can purchase wheat at Cavalier and ship it to Grafton for the difference in the rate, plus two cents per 100, that is at three cents per 100. and when shipped out apply the balance of the rate, 18 cents. This gives the milling interest a rate of 3 cents per 100 on the local haul of 32 miles, when the local distance tariff requires a rate for this distance of $6\frac{1}{2}$ cents per 100. The commissioners' rate (defendants' Exhibit 1) being $5\frac{1}{2}$ cents, or 83 per cent higher than the rate received in actual practice under the milling in transit rate.

To illustrate in tons per mile:

	Per Cwt.	Per Ton	Per Ton Per Mile
Cavalier to Minneapolis or Duluth, defendant's Ex. No. 3.	.19	\$ 3.80	.00809
Grafton to Minneapolis or Duluth, defendant's Ex. No. 3.	.18	3.60	.0085
Cavalier to Grafton, (Transit).....	.03	.60	.01875
Cavalier to Grafton, defendant's Exhibit No. 2.....	.065	1.30	.0406
Cavalier to Grafton, defendant's Exhibit No. 1.....	.055	1.10	.0343

Per cent of increase of commissioners' rate over the rate actually received, 83 per cent.

(J. E. Phelan's testimony, pp. 47-48.)

Thus it is seen in the shipments of grain, that there are the two rates; the rate of 6½ cents per 100 lbs. for 32 miles as per distance tariff, which the companies aver that it will confiscate their property if reduced to 5½ cents per 100 lbs. for the same distance, while it is shown that these same companies reduce the rate, voluntarily, to 3 cents per 100 lbs.

Mr. Phelan gives further example of this milling-in-transit rate at pages 49 and 50 of his testimony, showing practically the same facts as is shown in his example as applied to Cavalier and Grafton.

Mr. Phelan illustrates the shipment of lumber, lath and shingles, to points within the state from points without the state as follows: For example: A shipment of lumber from Duluth or West Superior or Minneapolis and St. Paul to Casselton * * *

To illustrate in tons per mile:

	Per Cwt.	Per Ton	Per Ton Per Mile
Duluth or Minneapolis to Casselton.....	.195	\$ 3.90	.01444
Proportional rate for distance in North Dakota.....	.0896	.79	.01444
G. N. distance tariff, defendant's Exhibit No. 2.....	.075	1.50	.02727
N. Dakota Com'rs' tariff, defendant's Exhibit No. 1.....	.08	1.60	.039

(J. E. Phelan's testimony, pp. 51, 52.)

Here is a case where the commissioners' tariff is higher than the Great Northern distance tariff for the same distance. And where in the face of the assertion that they cannot haul for the commis-

sioners' rates they do haul lumber for less than one-half of the commissioners' rates. The actual rate received is .0396 per 100 pounds. Call it four cents to get into round numbers and add 2 cents per 100 pounds as they do, to cover the switching out of the car and expenses, in their milling-in-transit rate and you have a rate of 6 cents per 100 lbs. as a fair rate for the distance hauled—55 to 65 miles being covered by that rate. In other words, they cannot haul lumber 55 miles for 8 cents at a profit but they do haul it this distance for less than four cents. And as this is their voluntary, non-competitive rate, it is fair to presume that the rate is profitable.

The lumber rates from the west are also tabulated by Mr. Phelan in his testimony (page 53) as follows:

Lumber Rates from Seattle to Fargo, 1566 Miles.

	Per Cwt.	Per Ton	Per Ton Per Mile
Seattle to Fargo, fir lumber.....	.40	\$ 8.00	.0051
Seattle to Fargo, rate on mixed lumber.....	.50	10.00	.0063
Montana line to Fargo, the proportional rate on mixed lumber.....	.13	2.60	.0063
Montana line to Fargo, the proportional rate on fir lumber	.105	2.10	.0051
The distance tariff, defendant's Exhibit No. 2, requires...	.28	5.60	.0135
N. D. Com'rs' rate, defendant's Exhibit No. 1, makes rate.	.24	4.80	.0116

The affidavit of complainant recites, in effect, that the road receives 28 cents per 100 lbs. on lumber, as per its distance tariff and that reduction of that rate to 24 cents per 100 lbs. means confiscation of the property, whereas, as a demonstrated fact it hauls the lumber at 13 cents and 10½ cents per 100 lbs. and manages to pay dividends on \$70,000 per mile—six or seven times the actual value of its road at that.

(Testimony of J. E. Phelan, p. 54.)

Q. Do you mean to say that a comparison of these rates throughout the lines of the Northern Pacific and Great Northern roads would show similar results?

A. Similar examples can be cited to show that commissioners' lumber rates are correspondingly higher in all instances than proportional rates actually received at the present time. While the distance tariffs, as in defendants' exhibit 2, are prohibitive to the movement of lumber locally within the state, the commission-

ers' rates aim to be more reasonable, and while they allow ample compensation for any interruption or lay over from the through haul as now practiced.

And in this connection it may be noted that while 2 cents per 100 lbs. is added to the milling in transit rate for this interruption or lay over, as applied to the Seattle rate, the commissioners' rate adds 11 cents per 100 lbs. to the mixed lumber rate and $13\frac{1}{2}$ cents per 100 lbs. to the fir lumber rate for this purpose.

Q. What have you to say regarding the rates for shipping lime, cement, salt, plaster, locally within the state of North Dakota?

A. The shipment of lime, cement, salt and plaster are moved under similar conditions to lumber, and similar rates, as in defendants' exhibit 3 apply. (Testimony J. E. Phelan, p. 54.)

Q. What have you to say by way of comparison regarding the local live stock rate as fixed by the commissioners and the rates now in force upon the roads in this state?

A. Regarding live stock rates: The amount of business done under the distance tariffs (defendants' Ex. 2) is comparatively small. In fact the distance tariff for the shipment of live stock is prohibitive. The commissioners' tariff corresponds as nearly as possible with the Northern Pacific tariff No. 3650 (defendants' Ex. No. 6). (Testimony of J. E. Phelan, p. 55.)

The rates as given by Mr. Phelan, condensed and put in tabular form for convenience are as follows (Testimony J. E. Phelan, pages 55, 56, 57, 58):

Distances	Per Cwt.	
	N. P.	Com'rs
50 miles.....	.08 $\frac{1}{4}$	.08 $\frac{1}{2}$
100 miles.....	.11 $\frac{1}{2}$	.11 $\frac{1}{2}$
145 miles.....	.13	.13
155 miles.....	.14 $\frac{1}{2}$	.13 $\frac{1}{2}$
200 miles.....	.16 $\frac{1}{2}$	.16
300 miles.....	.20	.20 $\frac{1}{2}$

Distances	Per Cwt.	
	G. N.	Com'rs
310 miles.....	.24	.23
30 miles.....	.05½	.05½
50 miles.....	.08¼	.08½
75 miles.....	.10¾	.10½
100 miles.....	.12¼	.11½
150 miles.....	.14½	.13½
200 miles.....	.19	.18
300 miles.....	.20¾	.20½
350 miles.....	.20¾	.21½
385 miles.....	.22½	.23

The distance tariff, Great Northern and Northern Pacific, as in defendants' Exhibit No. 2, being prohibitive, except for short distances, when they are unreasonable, very little stock is moved under their provisions. For instance, a car-load of stock shipped from Bismarck to St. Paul under the terminal tariff costs \$45.60 for 444 miles, \$4.80 per ton, or .0108 per ton per mile. While to ship stock from Bismarck to Fargo under the distance tariff costs \$42.00 per car, being \$4.42 a ton, or .023 per ton per mile. (J. E. Phelan, p. 58.)

Q. Would a comparison of other points on the Great Northern and Northern Pacific railroads show similar results as to rates?

A. Yes, sir. (J. E. Phelan, p. 59.)

Q. What have you to say as to the relative cost in tons per mile, in hauling live stock, say from Bismarck to St. Paul?

A. In local shipments (that is in less than car-load lots) it would cost no more per ton per mile to haul a car-load of stock from Bismarck to Fargo than it would to haul the same car from Bis-

marck through to St. Paul. For instance, you can move a car of live stock 150 miles under the terminal tariff (defendants' Ex. 6), for \$27.50. The same distance under the distance tariff will cost \$37.00. You can ship a car of stock from Cooperstown to St. Paul under the terminal tariff (as in defendants' Ex. 6) for \$38.95 or .0115 per ton per mile, the distance being 357 miles, while it will cost you \$33.90 for 106 miles, Cooperstown to Fargo, by the distance tariff (as in defendants' Ex. 2) or .0327 per ton per mile. The commissioners' rate would be (defendants' Ex. 1) .0217 per ton per mile, while the cost of doing the business is no greater per ton per mile. (J. E. Phelan, p. 59.)

But observe that while the cost to the company is no greater per ton per mile, that a liberal addition has been made to the commissioners' rate—of nearly double the rate to St. Paul—per ton per mile.

We now come to a consideration of the freight that is really, moved in North Dakota under a distance tariff. It has been seen that of the classes of freight heretofore named, comprising the great bulk of the business done in North Dakota by the railroad companies, that none of it—or scarcely any of it—is carried under a distance tariff.

But there is a small amount of freight carried under these distance tariff.

It is not the business out of Fargo, for that is governed by special tariffs as shown in defendants' exhibit No. 4.

It is not the business out of Grand Forks, for that is governed by special tariffs shown in defendants' exhibit No. 4.

The shipments from Fargo and Grand Forks, added to the shipments into the state on terminal tariffs, out of the state on terminal tariffs and through the state on terminal tariffs and transcontinental tariffs are not the shipments governed by the distance tariffs.

And in comparisons made by the complainants they have used only these distance tariffs for comparison with the commissioners' rates, attempting to show by hypothetical comparisons how the great properties of these companies would be confiscated if the small amount of business referred to—the local business carried on distance tariffs—was reduced to a basis of the commissioners' tariff.

The claims of the several companies as to the entire "local" business of the state—from which Fargo and Grand Forks outward shipments are to be deducted—are as follows:

FREIGHT EARNINGS LOCAL TO NORTH DAKOTA.

	1894.	1895.	1896.
Great Northern.....	\$111,950 76	\$113,545 69	\$139,855 65
Northern Pacific.....			\$129,879 18
Chicago, Milwaukee & St. Paul (both passenger and freight)			23,168 54

The entire freight business of these companies is as follows:

GREAT NORTHERN.

	1894	1895	1896
Local	\$ 111,930.76	\$ 113,545.69	\$ 139,838.65
Other states.....	2,425,616.12	3,066,435.25	4,258,149.29
Interstate.....	6,348,109.00	7,452,414.28	8,313,179.44
Total.....	\$ 8,885,675.88	\$ 10,632,395.22	\$ 12,711,157.38

NORTHERN PACIFIC.

	1896.
Local.....	\$ 129,879 18
Other states.....	3,617,552 83
Interstate.....	11,203,781 49
	<u>\$14,951,213 50</u>

Now of all this vast business what a small fraction is affected by the establishment of the commissioners' rates in North Dakota. It has not been shown that the interstate revenue, which comprises the large bulk of the freight revenue, will be affected in the slightest. There is no evidence to show that these interstate rates are based upon or have any connection whatever with local rates. It is shown, in fact, that the lumber rate (Mr. Baird's testimony, page.....) is the same from the Pacific coast to the western boundary of North Dakota as to Fargo at the extreme eastern boundary of the state.

"Q. In reference to your criticism of Mr. Phelan's testimony in referring to the lumber rates, do I understand you to say that the rates from Seattle to Fargo are the same as from Seattle to any point near the west boundary of the state of North Dakota?

"A. That is correct.

"Q. Or, in other words, that under the rates in force for the carrying of lumber from Seattle or Pacific coast points nothing was charged across the state?

"A. Well, the rate to Fargo is just the same as it is to Montana-Dakota state line.

"Q. Is that true of points between Fargo and the Montana state line?

"A. Yes, sir."

That is that freight is carried for nothing clear across the state of North Dakota. And that this is true of other rates and that these interstate rates have no connection whatever with the local rates has not only failed of proof by the complainants, but it is shown by a comparison of these interstate tariffs with the local tariffs that the local tariffs would have to be reduced very much more than had been contemplated by the commissioners' rates to affect in the slightest these interstate rates. In fact there is nothing in the testimony anywhere to show that any action which the commissioners of railroads of North Dakota have taken or could take, would in any way or could in any way affect the rates on interstate business. So that the great bulk of the business of these railroads being interstate business, there is left to be considered only a small proportion of the total business. And their allegation is that to reduce a very small proportion of that small proportion would confiscate the property of the complainants.

After the interstate business, there is the business "local to other states"—that is that begins and ends in other states than North Dakota. There is no proof whatever that this "local to other states" business would be affected by a decrease in the rate in North Dakota. The burden of proof being upon the complainants, they have not shown what rates would be fair and reasonable in North Dakota to accord with fair and reasonable rates in other states. They have not shown that a plain statement of the rate in other states would not indicate the contrary. They have not offered to show the rates in other states. They have made no comparisons between the rates of other states and the rates of North Dakota. So far as this testimony goes there is nothing to show that the rates "local to other states" would be in the slightest degree affected by a lowering of North Dakota rates even to a much lower basis than is proposed by the commissioners.

So that in considering the revenues to be diminished by the putting in operation of the North Dakota Commissioners' rates, only the local revenues in North Dakota are to be considered.

And not even all of that revenue as will be seen by a comparison of the commissioners' rates made voluntarily by the companies from

the stations of Fargo and Grand Forks to points in North Dakota and Minnesota.

So that if it were true that the commissioners' rates would reduce the revenues of the company; even on a basis of Great Northern exhibit No. 5 as attached to their complaint, the very limit of loss that could be sustained in the revenue of this company would be—using the high percentage of 20 per cent and applying it to the highest local business in any year of the Great Northern Company:—\$27,971.73. And when it is considered that this sum includes losses from Fargo and Grand Forks—and is based upon the supposition that all freight is high class freight and all carried on the distance tariff it is not necessary to say more to show how absurd the claim of the Great Northern Company that the loss of this small amount of revenue would impoverish the company by confiscating its property. Apply to this sum the net revenue of the company on the basis of, say, 60 per cent of gross earnings for operating expenses and the loss to the Great Northern would be \$11,186.70—all this figured at the highest possible loss that could occur, ignoring special rates and concessions from Fargo and Grand Forks and taking no account of increased business which a reduction in rates might bring.

The Northern Pacific loss on this same basis would be \$10,390.33—a sum far too little to result in confiscation of their property.

Of course it is not admitted, nor is there any evidence to show that this loss, or any other loss would occur. But the figures are made to show the utter absurdity of the claims made by complainants. And this is further explained by showing what is actually received as compensation for doing business in North Dakota.

Mr. Phelan testifies, page 59 of his testimony:

"In local shipments, that is less than car load rate, it would cost no more per ton per mile to haul a car load of stock from Bismarck to Fargo than it would to haul the same car from Bismarck through to St. Paul."

And it may be set down as a clear proposition both from the evidence and as a matter of common sense, that it costs no more to haul a train, or a car, over the line of any company in North Dakota on purely local business than it does if the train was passing over the same track engaged in interstate business. That is excluding all account of station expenses and merely considering the expense of handling the train or car. Then it would cost no more, within the state of North Dakota, to haul freight from Fargo to Casselton, for instance, such freight having come from a point east of Fargo, destined for Casselton, than it would to haul the same freight from Fargo, that being the initial point, to Casselton—plus the station

expenses at Fargo. This is not an added expense to the company as they must have had the same station expense at the eastern point as they would have at Fargo, if that were the initial point; but to get the matter all within the state and to make allowance for any expense which might be claimed—whether reasonable and just or not—let a station expense for Fargo be added.

And upon that theory let us examine what Mr. Phelan calls the "proportional" rates and which are the rates which the company actually receive for hauling freight within the state of North Dakota.

It is very hard to get a basis. When you ask for facts you are met by the companies with hypothetical statements and tables of theory. But if we can once get a basis to figure from we shall see that the rates of the commissioners are much higher than they in justice and reason should be.

The basis at which the company actually does business may be taken as a starting point. And as these proportional rates, which are the rates actually received by the company in its actual business, all interstate business—that sacred and holy sort of business which the company says that you must not consider, but which they make haste to consider when it is to their advantage—a certain fair and reasonable sum may be added to that rate to make a fair and reasonable local rate.

But before taking up proportional rates let us look at tariff rates as they actually exist and as compared by Mr. Phelan. Referring to Mr. Phelan's testimony, page 61:

"The main revenue from local traffic in North Dakota is derived under merchandise rates of first, second, third and fourth classes, consisting of agricultural machinery, moving in first and second classes, farm produce, mill products, and groceries. Also fruit which, in less than carload lots moves mainly first-class. The principal movement of local merchandise consists of groceries, about 20 per cent being second class, 30 per cent third class, 50 per cent fourth class."

Mr. Phelan makes the following comparisons between the schedule of the commissioners and the Northern Pacific Fargo special tariff No. 3029 (defendants' exhibit No. 4) and Great Northern Fargo special tariff No. 3826 (defendants' exhibit No. 4.)

Comparison of commissioners' rates in first, second, third and fourth class merchandise with Fargo special tariff (page 62) and with Great Northern and Northern Pacific distance tariffs:

IN CENTS PER TON PER MILE—AVERAGE FOUR CLASSES:

Miles	Com. Rate	N. P. Fargo Special	G. N. Fargo Special	N. P. Distance	G. N. Distance	C. M. & St. P. Distance
50	.09	.09	.102	.107	.107	.096
100	.06	.068	.077	.085	.085	
150	.049	.06	.06	.066	.066	
200	.045	.054	.055	.05	.05	
250	.04	.052	.048	.052	.052	
300	.037	.047	.044	.049	.049	

For a distance of fifty miles within the state of North Dakota a comparison is made by Mr. Phelan (testimony page 70) with terminal tariffs as follows:

Class	Rate Per Ton Per Mile		
	Great Northern	Northern Pacific	C. M. & St. Paul
First .....	.032	.02	.034
Second .....	.028	.016	.038
Third .....	.02	.012	.021
Fourth .....	.016	.012	.017

"Showing an increase of the commissioners' rate, as in defendants' exhibit 1, over the proportional rate, for the

Northern Pacific of.... 500 per cent.
Great Northern of.... 270 per cent.
Milwaukee of.... 260 per cent."

Now this latter showing of the rate per ton per mile actually received by the railroad companies for fifty miles haul in the state of North Dakota, shows that the commissioners' rate is five times as high as this proportional rate of the Northern Pacific, 2 7-10 times as high as the Great Northern, and 2 6-10 times as high as the Chicago, Milwaukee and St. Paul. And there is no claim anywhere in the evidence, that the "station expenses" of which so much is made should add anything like that sum to the local rates. The Chicago, Milwaukee & St. Paul rates are only compared for fifty miles, that being about the limit of their haul in North Dakota; but the other roads' rates compared shows the commissioners' rates to be very much higher than the rate of the companies.

Now this proportional rate is the rate actually received by the companies for hauling merchandise in North Dakota.

For instance: Fourth class merchandise hauled from an eastern point in Minnesota 100 miles in North Dakota, is carried at the rate of two cents per ton per mile, over the Northern Pacific.

The commissioners' rate for fourth class merchandise, 100 miles, is four cents per ton per mile. That is the commissioners allow double the rate which the company actually receives for hauling the freight the 100 miles in North Dakota. (Phelan, pages 63-71.)

The Great Northern fourth class merchandise rate as charged in their terminal tariffs, proportional for 100 miles in North Dakota, is .016 per ton per mile; the commissioners' rate, on this class for this distance, is .04 per ton per mile, more than double the rate actually received by the Great Northern in its transportation of freight on its terminal tariffs in North Dakota.

In order that the different comparisons of Mr. Phelan's may be seen at a glance, they are here condensed into a single table showing the rates per ton per mile on first, second, third and fourth class freight as charged in,

- 1—The North Dakota Commissioners' schedule.
- 2—The Northern Pacific special tariff out of Fargo.
- 3—The Great Northern special tariff out of Fargo.
- 4—The Great Northern and Northern Pacific distance tariffs.
- 5—The proportional rate of the Northern Pacific.
- 6—The proportional rate of the Great Northern.

These rates per ton per mile are given for 100, 150, 200, 250 and 300 miles respectively, and are taken from Mr. Phelan's testimony, pages 63, 64, 65, 66, 67, 68, 69, 71 and 72:

FIRST CLASS.

Miles	North Dakota Com'rs	Northern Pacific and Fargo Special	Great Northern and Fargo Special	Great Northern and N. P. Distance	Proportion of Terminal	
					Northern Pacific	Great Northern
100	.08	.09	.10	.108	.034	.03
150	.066	.077	.078	.085	.04	.037
200	.06	.071	.071	.074	.032	.032
250	.054	.067	.063	.067	.043	.028
300	.05	.061	.058	.062	.04	.023

SECOND CLASS.

100	.066	.076	.084	.092	.028	.026
150	.056	.066	.065	.072	.033	.032
200	.05	.061	.06	.063	.027	.028
250	.045	.057	.052	.056	.034	.024
300	.042	.052	.048	.053	.03	.02

THIRD CLASS.

100	.054	.06	.068	.076	.022	.02
150	.044	.052	.053	.06	.029	.032
200	.04	.047	.048	.052	.026	.027
250	.036	.045	.043	.047	.032	.023
300	.033	.042	.039	.044	.028	.019

FOURTH CLASS.

Miles	North Dakota Com'rs'	Northern Pacific and Fargo Special	Great Northern and Fargo Special	Great Northern and N. P. Distance	Proportion of Terminal	
					Northern Pacific	Great Northern
100	.04	.046	.056	.064	.02	.016
150	.033	.046	.044	.056	.03	.032
200	.03	.04	.041	.044	.027	.028
250	.027	.039	.038	.04	.032	.024

Thus it is clearly shown that upon each class of freight for each distance the commissioners' rates are higher than the rates actually received by one or the other or by both of the railroad companies in this action, for the freight of each class hauled on the terminal tariffs into North Dakota and for the distances hauled within the state.

But it is said that the high rate is charged for local traffic because it costs more to haul it in than it does to haul interstate traffic. In the complaint of the Northern Pacific this excessive cost of hauling local freight over interstate freight is given at 20 to 40 per cent. That was on the 17th day of May, 1897, when the complaint was verified and before it had been shown that the local rates were several times the amount charged on interstate freight. It was ascertained later that 20 to 40 per cent would not cover these differences in rates. So in the testimony of Mr. Gray (printed book, 113) we are given the reasons why the rates on local business should be much higher than the rate on interstate business:

"The total tons on freight, local and interstate, hauled in the state of North Dakota for the six months from July to December, 1896, which shows that the total local tonnage having two terminal charges, one forwarding and one receiving, in the state was 33,533 tons, or 4.2 per cent—of the total tonnage hauled during that period, all kinds, interstate and local. The total tonnage requiring one terminal expense, that is tonnage either received into the state, or going out from the state, was 511,885 tons or 63.9 per cent of the business. The total tonnage that passed through the state from the state and to other states, but having no terminal within the state, was 255,585 tons or 31.9 per cent. In view of the fact that a very small percentage of the tonnage moved in this state has to be handled at both ends, the station service per unit is necessarily very

much higher for local business than it is for interstate business, carrying it further to other items of conducting transportation. The item of fuel used by locomotives is a very large percentage of the total operating expenses, so is the cost of labor for engineers and firemen, for conductors and brakemen and these expenses are necessarily much higher per unit for local business than they are for interstate business or for the average of all business, for the reason that interstate business is usually made up of fully loaded trains, trains that run long distances usually made up of loaded cars that require very little work at stations and at terminal points, and such trains can oftentimes be made up approximately to the maximum capacity of the motive power. That is it can be figured out how much the locomotive can haul and the number of cars and the load of these cars can be apportioned in many cases to interstate business. This cannot be done in the case of local business within the state. Trains must be run for local business whether the business is light or heavy. Oftentimes the number of empty cars have to be hauled in such trains, oftentimes the cars are not loaded anywhere near their full capacity. There are delays at stations while cars are being loaded and unloaded and all the time fuel is being consumed, oftentimes trainmen have to be paid overtime on account of the delays incident to local traffic. Question: How much would the station service be increased in respect to this local business compared to interstate business in North Dakota? (Objected to on the ground that the witness is not shown competence to testify in this regard.) Answer: Of course to state with any accuracy would be impossible, but the result of my study of the subject is that it is more than double per unit of local business as compared with the average of all business or of interstate business." (Testimony H. A. Gray, P. B., 113-114-115.)

The testimony of the comptroller of the Northern Pacific is quoted at length as being a full explanation of why local rates should be higher than interstate rates, that is a higher rate per ton per mile.

(At page 116 printed book)

Testifies further in this behalf:

"In my opinion the expense of conducting transportation should be doubled in considering the cost of doing local business."

Same page:

"At some time I stated in round numbers that the cost of conducting transportation will approximate 50 per cent of the total operating expenses exclusive of taxes."

So that, in Mr. Gray's judgment, passing the inconsistencies of his reasons why for the instant one-half of the operating expenses

should be doubled in making up local rates as against interstate rates. Apply this reasoning to the rates per ton per mile as shown by the preceding table made up from Mr. Phelan's testimony.

On fourth class freight for 100 miles the proportional rate by the Northern Pacific .02 per ton per mile. The distance tariff makes this rate .064 per ton per mile, more than three times the rate which the Northern Pacific receives for freight which is hauled 100 miles within the state of North Dakota, from a point outside the state of North Dakota. We need not split hairs on the proposition and figure out a small increase of cost per ton per mile which it would cost to do this business locally; but we may admit that it costs the whole of the amount for which the company is willing to carry it as interstate freight and deduct that from the rate per ton per mile which they charge locally for hauling the same class of freight in North Dakota and we still have left—as in this example—more than double the interstate rate. Take any other distance or any other class of freight and a similar state of facts will be shown. The distance tariff upon which it is shown that a certain portion of 4.2 per cent of all the business of the state was carried is many times higher than the rate which is charged on freight which is hauled into the state from a terminal without the state or hauled to a terminal without the state from a terminal within the state. The doubling up of the cost of conducting transportation does not account for this as you could double the terminal rate itself as shown in the table preceding and yet have an excess. So that admitting Mr. Gray's premises to be correct, he has not in the least explained why this company should charge on local business in North Dakota a rate yielding three or four times as much per ton per mile as the rate charged on merchandise hauled on a terminal tariff. It will be observed that Mr. Gray classes all the freight as follows: 4.2 per cent is the local business hauled from points within the state to point within the state. This is the only business which the commissioners' schedule is aimed at. 63.9 per cent of all the business is furnished by the state of North Dakota, being business from terminals within the state to terminals without the state, and from terminals without the state to terminals within the state. But this business is not to be taken into account and the state and the toll payers within the state who pay all of this freight are not to be considered because this is called "interstate" freight having one terminal outside of the state. 31.9 per cent is business that is carried entirely through the state having no terminal within the state and is purely and properly interstate, or through business.

But 68.1 per cent of all the freight business of this company is

handled in local trains and is either delivered to or collected from local stations within the state.

Mr. Gray's point that purely local business has two terminals while interstate business has but one, seems to be of no force. For the same classes of freight the terminal charges it is not shown would be any greater to the company, no matter where the terminals were located. Take a hundred pounds of first class freight. It has two terminals—the initial point and the point of delivery. The cost of handling it does not depend on when it is handled or what it is called when handling it. It is loaded with the same care and trouble at its initial point, whether that initial point be in one state or another. It is delivered at the point of destination, wherever that point may be, and the cost of delivering it is not increased nor diminished by crossing a state line. It is expensive freight to handle because of the kind of freight it is with respect to its classification and not in respect to whether it is called "local" or "interstate"—and a higher rate is made for it accordingly, both in the commissioners' schedule and in every other schedule or tariff sheet. There is none of this freight that does not have to be handled at both ends—whatever its initial point and whatever its destination. The conclusion of the witness that it necessarily costs the company more to handle this freight—simply because it is named local freight is not warranted by any fact shown in the evidence.

In the consumption of coal, labor of engineers and firemen, conductors and brakemen, the force of the statement of the witness that this is necessarily higher per unit of local business than for interstate business, is lost when it is shown that these employees are engaged and this fuel is being consumed, at the same time for the same classes of business.

Mr. Gray testifies (B. B. 183):

"Q. Is it not a fact that every station maintained upon your line contributes a portion at least, to both local and interstate commerce? Answer: That may be so.

"Q. Is it not a fact that it is so? Answer: Probably so."

This is undisputed in the evidence that it is so. And Mr. Gray, himself, thinks so little of the theory that he has built up about the increased cost of state service affecting the rate that he testifies (P. B. 179):

"In my judgment the traffic manager and general freight agent in making their rates give practically no attention whatever to the cost of doing business."

And in this connection it may be well to touch upon the question which Mr. Gray has opened up as to the effect of volume of busi-

ness. One reason why local rates are so high in North Dakota, is that the volume of business is so low. Only 4.2 per cent of all the business is the local business of the state, but 63.9 per cent is business which the people of the state furnish entirely. And only 31.9 per cent goes through the state and is purely through business. Then, if volume of business governs, the rate per ton per mile on this 63.9 per cent of business ought to be much lower than the rate per ton per mile on the 31.9 per cent of business. A comparison is made from the evidence to illustrate how the volume of business works in practice:

The distance New York to Portland is 3,200 miles; St. Paul to Dickinson, North Dakota, 560 miles. Rates on the commodities from New York to Portland and from St. Paul to Dickinson are compared:

Commodity	New York to Portland, Oregon			
	L. C. L. In Cents Per 100 lbs.	L. C. L. In Cents Per Ton Per Mile	C. L. In Cents Per 100 lbs.	C. L. In Cents Per Ton Per Mile
Hardware.....	100	.00625		
Iron and steel articles.....	100	.00625		
Bridge materials.....	.....	.....	75	.00468
Castings.....	.....	.....	75	.00468
Machinery, K. D.....	215	.01375		
Nails and spikes.....	100	.00625	75	.00468
Oil cloth and lineolum.....	100	.00625		
Roasted coffee.....	100	.00625	80	.005
Syrup and molasses.....	140	.00875	115	.00717
Tea.....	150	.00937	100	.00625

Commodity	St. Paul to Dickinson			
	L. C. L. In Cents Per 100 lbs.	L. C. L. In Cents Per Ton Per Mile	C. L. In Cents Per 100 lbs.	C. L. In Cents Per Ton Per Mile
Hardware.....	115	.041	64	.02
Iron and steel articles.....	85	.03	74	.02
Bridge materials.....	85	.03	74	.02
Castings.....	85	.03	74	.02
Machinery, K. D.....	85	.03	64	.02
Nails and spikes.....	85	.03	74	.02
Oil cloth and lineolum.....	115	.041	96	.03
Roasted coffee.....	85	.03	74	.02
Syrup and molasses.....	85	.03	74	.02
Tea.....	142	.05	.....

These examples are taken from the evidence to show that the class of freight which does not comprise the largest volume of traffic has a lower rate than the traffic which comprises 63.9 per cent of all the freight which is handled into, or out of, or wholly within, or through, the state of North Dakota, and to show the low rates which are made on long shipments. The lowest rate made on less than car lots of freight St. Paul to Dickinson, 560 miles, is fourth class at 85 cents per 100 pounds, over three cents per ton per mile; while a less than car load rate is made, New York to Portland, Oregon, 3,200 miles, of 100 cents, per 100 pounds, or less than two-thirds of a cent per ton per mile. For 300 miles in North Dakota, the distance tariff rate of the Northern Pacific is .037 cents per ton per mile or 56 cents per hundred pounds. No reason has been assigned for these wide discriminations. There is nothing in the evidence to show the just relation between these rates. The bur-

den of proof being upon the complainant corporation, it has failed to show that such just relations existed.

The assertion made in the complaint and a vital allegation upon which this suit is founded is that a reduction of the rate on that portion of the 4.2 per cent of freight traffic would lower all the rates is utterly wanting in proof.

As an illustration this example may be cited:

The Northern Pacific Railway Company might allege the fact that their rate on roasted coffee to Portland, Oregon, from New York, carloads, is 30 cents per 100 pounds, or one-half cent per ton per mile; now the North Dakota commissioners' schedule reduces—or proposes to reduce—the rate on local shipments 22.02 per cent. Apply this to the transcontinental roasted coffee rate and this rate would be 62.39 per 100 pounds, or a little over a third of a cent per ton per mile! And this is practically what the Northern Pacific Railway Company does say in its complain when it says:

“By reason of the fact that your orator's local rates in North Dakota bear a fair and just relation to its local rates in other states and to its interstate tariffs, no reductions can fairly or justly be made of the local rates in North Dakota without a similar and corresponding reduction being made in the local rates in other states on your orator's line of road and in its interstate rates.”

No just relation between these rates has been shown; but the inference has been left to be fairly drawn that the rates of the Northern Pacific company in its terminal tariff as shown is outrageously high although 63.9 per cent of all North Dakota freight business is transacted under that tariff, while the tariff of the company which it applies to its local business in North Dakota and which is known as its distance tariff, is several times as high as its high terminal tariff—if its transcontinental interstate rates are to be the guide.

To make clear the matter of revenue and expenses attention is called to the last two tables in this argument and to Mr. Phelan's testimony, page 79, showing the following results as revenue and proportion of expenses to gross earnings as follows, the years 1897 being selected for comparison, although it will be seen that the year 1896 showed a lower revenue and percentage of expense. The figures for 1897, (Phelan's testimony, page 79) are:

Revenue for all freight per ton per mile.	Proportion of expenses to earnings.
Northern Pacific....01139.....	61.28
Great Northern.....01037.....	55.33
Chicago, St. P. & M..01008.....	57.05

Now applying these percentages to the revenue per ton per mile we have the following costs to the company of doing the business as follows:

Northern Pacific.....	.006979
Great Northern.....	.005737
Chicago, M. & St. P.....	.005750

And making a short comparison of rates from these tables with cost of doing business will give an idea of how the matter stands and will, largely, show that the doubling of the cost of station expenses is so small in proportion to the amount collected that it need not enter seriously into the calculations:

IN CENTS AND DECIMALS.

	Per Ton Per Mile
Commissioners' schedule, highest rate.....	.08
Commissioners' schedule, lowest rate.....	.025
N. P. Fargo special, highest rate.....	.09
N. P. Fargo special, lowest rate.....	.033
G. N. Fargo special, highest rate.....	.010
G. N. Fargo special, lowest rate.....	.033
G. N. & N. P. distance tariff, highest rate.....	.108
G. N. & N. P. distance tariff, lowest rate.....	.037
Northern Pacific revenue of all freight.....	.01139
Great Northern revenue of all freight.....	.01037
C. M. & St. P. revenue of all freight.....	.01008

IN CENTS AND DECIMALS—Continued.

	Per Ton Per Mile
Northern Pacific cost of operating.....	.006979
Great Northern cost of operating.....	.005737
C. M. & St. P. cost of operating.....	.005750

Now admitting the extra "station expenses" which Mr. Gray swears should double the cost of conducting transportation, which is approximately fifty per cent of the whole operating expenses. Thus, if this is admitted to be true, the cost of operating locally in North Dakota, instead of being as here recited, would be:

Northern Pacific.....	.010468
Great Northern.....	.008505
C., M. & St. P.....	.008625

This is adding fifty per cent to the cost of doing business locally in the state and following the complainant's own theory. Not that it is a correct theory, for it is not, but even upon their own showing this is what it costs, per ton per mile, to handle freight, less than carloads, locally in the state of North Dakota. The highest cost is a little over a cent per ton per mile while the great Northern and the Chicago, Milwaukee & St. Paul do not reach one cent per ton per mile. So that the profits in round figures of handling merchandise in less than carloads under the commissioners' tariff would be as follows—taking one cent per ton per mile as cost of handling, which average, as will be seen, from the figures just given, is more than fair to the companies. The exact average cost would be .009199—but one cent is used for convenience:

FIRST CLASS.

Commissioners' Rates	Percentage of Profit Over Operating Expenses
100 miles.....	700
150 miles.....	560
200 miles.....	500
250 miles.....	440
300 miles.....	400

SECOND CLASS.

100 miles.....	560
150 miles.....	480
200 miles.....	400
250 miles.....	350
300 miles.....	320

THIRD CLASS.

100 miles.....	440
150 miles.....	340
200 miles.....	300
250 miles.....	280
300 miles.....	320

FOURTH CLASS.

100 miles.....	300
150 miles.....	230
200 miles.....	200
250 miles.....	170
300 miles.....	150

The average cost per ton per mile is given because there are no other figures furnished us. It is assumed that all classes of freight cost the average in making this statement which shows that, added and fifty per cent to seven hundred per cent over and above operating expenses. And there is nothing in the testimony to show that such extraordinary and enormous percentages of profit are necessary to prevent the confiscation and utter bankruptcy and destruction of the complainants' property. It is noted that these percentages are figured upon the reduced rates of the commissioners. And that they are computed from the admissions, statements and declarations of the complainants' own witness. This is not

the theory of the defendants. Upon the defendants' theory a much greater profit will be shown; but the very statements upon which the complainants seem to rely to destroy the schedules of the commissioners show enormous and exaggerated rates of profit—and these facts probably account for that other fact that the railroad companies are able to earn dividends upon fictitious values, as above, several times in excess of real value.

Now perhaps a word as to this percentage of profit may not be amiss. The railroad company has the investment for its plant represented by stocks and bonds, which are of real value no more than the actual value of the property which they represent. They have a varying, speculative value which depends upon the net earnings of the road—that is earnings over and above operating expenses. The investment for the purpose of conducting the business is the amount of the operating expenses. The percentages given in the last table are computed upon the capital invested in operating expenses and not upon the capital invested in the plant. Of course as this operating expense capital is all realized from the collections for freight tolls and passenger fares from the customs of the road, from day to day, the figuring of this percentage of profits is all in favor of the complainants, and is not the actual state of affairs; which, if it could be ascertained, would be much more favorable for the defendants.

This percentage of profits over operating expenses is what the interest on the capital invested in the plant is paid from.

Thus: The item of 700 per cent profit upon the commissioners' first class rate for 100 miles, shows that, according to the testimony, for every cent expended in operating expenses, eight cents are collected, one cent paying the expenses and seven cents remaining with which to pay interest and dividends.

It will be noticed that the case of the complainant is made up largely from theory. The testimony of their witnesses has been supplemented—in fact founded upon—statements of deductions made by unknown parties, hardly in any case by the witness himself, and that witness under instructions from counsel, have refused to supply data which was in their possession and which they alone could supply, from which their statements could be checked.

(Mr. Kendrick's testimony, page 254.)

"Mr. Cowan: I now ask you, Mr. Kendrick, to prepare a table showing the freight handled in each of the four years, ending June 30, 1894, 1895, 1896 and 1897, so as to show for each year, the amount of freight handled under each of the following classes:

- 1—Freight shipped locally in North Dakota.
- 2—Freight shipped into North Dakota.

3—Freight shipped out of North Dakota.

4—Freight shipped through North Dakota.

Make the table show the number of tons under each class, and the ton miles in each class, for the total actual haul; also show the actual freight receipts for each of the four classes mentioned above?

"Witness: I decline to furnish it.

"Why do you refuse to furnish it?"

"A. Because it will involve the examination of all the waybills pertaining in any way to business passing through North Dakota or into or out of it; of which waybills there are a vast number, and therefrom the examination could only be accomplished at great expense and after a very considerable time.

"Mr. Bunn: Add further, Mr. Reporter: Witness also advised by counsel that information is immaterial in this case."

(Mr. Kendrick's testimony, page 255.)

Upon cross examination of H. A. Gray (testimony, page 259) it was admitted with reference to this statement, as follows:

"Mr. Bunn: It may be admitted in the record that the statement can be made; it is capable of being made from the books of the company and its records, and either counsel or the witness has authority to have it made; the whole point being that we regard it as immaterial and involving great waste of time, and therefore decline." (page 259.)

The same information was asked of witness Clough for the Great Northern and the following entry appears in the record at page 262 of his testimony:

"Mr. Grover: Witness under the advice of counsel, declines to furnish the information called for; on the ground that the time and expense, and subject matter of the inquiry is immaterial, without an issue. Counsel admits that it is physically possible to prepare the tables giving such information, on an examination of the waybills, records and files in the office of the company, and that the witness has authority to request of the auditing department to furnish them." (page 262.)

From these actual operations it could have been determined definitely just what amount of business was performed by these companies within the state of North Dakota and applying ascertained percentages of operating expenses it could have been shown just what profit was derived from the various sorts of traffic and just what proportion of the expenses each class of traffic should bear. It cannot be assumed to be just that all the expense of handling interstate traffic should be apportioned to local traffic and that it should be shown that, because of such apportionment the

local business was not profitable. It was sought to discover, actually, what had been done in the state of North Dakota. To leave the realm of theory and tread for a short time in the domains of fact. But the witnesses who had possession of the books and papers showing these facts, suddenly became judges of what was proper and material in the case and, under advice of counsel, refused to furnish the data from which the actual transactions in North Dakota, and with reference to the business of North Dakota solely, could be ascertained.

So that, the refusal to furnish the actual facts as to the business of the complainants, has compelled the defendants to follow the theories of the complainants. They have not failed to produce volumes of that which they considered material, they having constituted themselves judges of what was material, but those things which would put the defendants in possession of the real facts as to actual conditions they decline to produce. Tables have been prepared which are the deductions of some unknown persons, presumably the employes of the complainants, persons who have stood in the background, in the dark and mysterious shade to deepen and enhance the darkness and mystery of railroad transactions—but the real makers of the tables have not come forward; but when plain facts, undiluted with theory, are wanted—the judges of what is material in this case promptly refuse to furnish it. The facts asked for are the whole meat of this matter. They would show what was being done in the state of North Dakota and would furnish a basis for reasonable deductions. The defendants' deductions from these facts could be compared by the court with the theories of the complainants who have had this access to material evidence which they decline to furnish, preferring doubtless, that the court shall be guided by the theories, rather than by the actual, uncolored and unvarnished facts.

But, taking these material facts, being denied the possession of an account of the real transactions themselves, being compelled instead to rely upon the theoretical statements—for the most part orphans—or at least without any known parentage—vouched for by nobody except upon "information and belief"—that is "information and belief" that the party who really made the tables made them accurately—the defendants have been compelled to show the falsity of the positions of the complainants by applying their various theories one to the other. And this application produces a demonstration that in no place in the evidence have the complainants shown that the rates named in the schedule of the commissioners are unreasonable of themselves, by comparison with the rates of other states, or by comparison with interstate rates. On the con-

trary, the testimony of complainants, as pointed out to the court, show that the rates of the complainants as they now exist are unreasonable and unjust.

And particularly has it not been shown that the adoption of the commissioners' schedule would disturb any finely adjusted relation between the rates of other states and between the interstate rates of any of these complainants. These rates which are in theory so finely made, so just and reasonable, so completely adjusted that the disturbance of one destroys the other—are simply rates of theory. The rates of practice is a different thing; and it is evidence that a great reduction of grain rates has been made by the complainants since the commencement of this action, without any evidence that the rates must necessarily be accommodated to them. The rate that shall be a reasonable one, taking cost of service and adding a reasonable profit for the service, is not in evidence.

Mr. Bird testified (page 147):

"We have never been able to make a rate on our road within my knowledge, with sole reference to what the service was worth, or what it costs us to do it plus a reasonable profit. Our rates have always been limited by competition, general conditions which have always kept us away from the real question of cost and proper return."

(Again page 149):

"I don't recall a single tariff or a single instance where in making a rate we have had the opportunity to base our decision upon the cost of service."

"Q. You speak in reference to all tariffs?"

"A. General proposition."

This testimony of the General Traffic Manager of the Chicago, Milwaukee & St. Paul is applicable to all these cases and the rates themselves show plainly that where competition, or some other thing, has caused a low rate to be made for one class of traffic, that there is a making up of that in the imposition of higher rates upon some other class of traffic. And North Dakota shippers are now suffering in that making up process.

DISTANCE TARIFFS COMPARED WITH COMMISSIONERS' TARIFFS.

It is in evidence that for nearly every conceivable purpose there is a special tariff. There is in evidence special tariffs from Fargo and Grand Forks, covering all merchandise shipped out of those cities; the merchandise hauled from points without the state, from St. Paul, Minneapolis or other terminals, is hauled on a special tariff; all the grain and produce hauled to points outside the state

from points within the state is hauled on special tariffs. Nothing remains for the distance tariff to cover but the transactions between stations within the state other than merchandise out of Fargo and Grand Forks. And yet, taking the distance tariff as a basis and analyzing it closely this immense reduction of rates by the commissioners' tariff is not so apparent.

There are three distance tariffs in evidence—defendants' Exhibit No. 2—as follows:

Northern Pacific distance tariff No. 1705, in effect August 27th, 1891.

Great Northern distance tariff No. 494, in effect May 6th, 1893.

Chicago, Milwaukee & St. Paul distance tariff No. 6418, in effect May 2d, 1892.

The Northern Pacific and Great Northern tariffs are practically alike, and it may be observed, in passing, as strange, that while special tariffs have multiplied and increased, while they have been changed and reduced frequently, while the grain rates have been cut as shown in this evidence—some of the reductions amounting to thirty per cent or more—that the distance tariff of 1891 is still in force.

But notwithstanding that this seldom used distance tariff is so much higher than the special tariffs under which the bulk of the business is done, the reductions which the commissioners' tariff makes upon these rates is not so alarming as will be shown by the following examples from defendants' exhibit No. 2 with defendants' exhibit No. 1—the latter being the commissioners' tariff and the former being the distance tariffs of the several companies in these actions. And not to go through every rate and every distance, the rate is taken for classes 1, 2, 3, 4, 5, A. B. C. D. E., for 25, 50, 75, 100, 120, 150, 180, 210, 250, 280 and 300 miles, and will show the reduction made by the tariff of the Commissioners of Railroads of North Dakota from the distance rate of the railways, taking the lowest rate in each class made by either of the three companies for comparison:

TWENTY-FIVE MILES.

First Class Rate—The commissioners' rate, Northern Pacific and Great Northern rates are alike, Chicago, Milwaukee & St. Paul 9 per cent higher.

Second Class Rate—The commissioners' rate is fifty per cent lower than the Great Northern.

Third Class Rate—The commissioners' rate is the same as the Great Northern and Northern Pacific.

Fourth Class Rate—The commissioners' rate is 8 1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 10 per cent lower than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is the same as the Great Northern and Northern Pacific.

B Class Rate—The commissioners' rate is 14 per cent higher than the Great Northern and Northern Pacific.

C Class Rate—The commissioners' rate is 16 per cent higher than the Great Northern and Northern Pacific.

D Class Rate—The commissioners' rate is 20 per cent higher than the Great Northern and Northern Pacific.

E Class Rate—The commissioners' rate is the same as the Great Northern and Northern Pacific.

So that it will be seen for 25 miles, for the short haul between stations, the confiscation of property would not begin. In few classes is the rate lower, and then the difference is small; in many classes the rate is the same, and in three of the classes it is very much lower. It is not a great stretch of imagination to conclude that quite a proportion of the short hauls between stations would come under the 25-mile limit, thus reducing the danger of confiscation of which fear has been entertained. And for all hauls of 25 miles, on a distance tariff within the state, it must be conceded in view of the evidence of the tariff sheets, that the rates as named by the commissioners for this distance would not work a hardship to the railway companies operating under that tariff in North Dakota.

FIFTY MILES.

First Class Rate—The commissioners' rate is 6¼ per cent less than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 7½ per cent less than the Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 5 per cent less than the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 6¼ per cent less than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 6 per cent less than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 6 per cent less than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 10 per cent less than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul, Great Northern and Northern Pacific.

These rates for fifty miles are as follows (rates in cents per 100 lbs.):

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	34	29	24	20	17	14	12	10	8	6
N. P. distance tariff No. 1705.	34	29	24	20	17	14	12	10	8	6
C. M. & St. P. distance tariff No. 6418.....	32	27	21	16	13	13	11	10	8	9
Commissioners' rates.....	30	25	20	15	12	12	11	9	8	6
Com'rs' rates lower in cents than lowest dist. tariff.....	2	2	1	1	1	1	0	1	0	0

The reduction for a fifty mile distance do not seem so alarming. The fourth class rate which covers (in less than car lots—defendants' Ex. No. 13) groceries, such as green coffee, rice, soap, sugar, syrup, honey, flour; and grain in sacks, oat meal, oil cake meal, iron castings, coulters plates, plow beams, plowshares, and other agricultural implements and repairs, is one cent per 100 lbs. less than the distance rate made by the Chicago, Milwaukee & St. Paul, which does not seem a very great matter. These distance tariffs "being prohibitive except for short distances" (Mr. J. E. Phelan's testimony). It would certainly seem clear that there is no cause for alarm if the commissioners' rates are substituted for a rate but slightly higher. The testimony shows, with reference to classes of freight moved locally in North Dakota, as follows:

"The principal movement of local merchandise consists of groceries, about 20 per cent being second class, 30 per cent third class, 50 per cent fourth class." (J. E. Phelan's testimony, page 14.)

And for the short distance of 50 miles there is but a small difference, as shown, between the rate named by the commissioners and the rate of the railways making the lowest competitive distance rate in North Dakota.

SEVENTY-FIVE MILES.

First Class Rate—The commissioners' rate is 6 per cent less than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 6½ per cent less than the Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 4½ per cent less than the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 5½ per cent less than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 6½ per cent less than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 6½ per cent less than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 7½ per cent less than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

The rates for seventy-five miles are as follows (rates in cents per 100 lbs.):

Name and No.	Classes.									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	44	37	31	26	22	18	15	13	11	9
N. P. distance tariff, No. 1705.	44	37	31	26	22	18	15	13	11	6
C. M. & St. P. distance tariff No. 6418.....	37	31	24	19	15	15	13	11	9	7
Commissioners' rates.....	35	29	23	18	14	14	12	11	9	7
Com'rs' rates lower in cents than lowest dist. tariff....	2	2	1	1	1	1	1	0	0	0

The alarming decrease of the commissioners' tariff below the distance tariff of one of the complainants in this action does not

appear for the 75-mile distance. Bearing in mind that the distance tariffs are much higher than the tariffs in which the most of the freight is moved, and that only small shipments for small distances are made under these tariffs, the amount of reduction for this 75-mile distance is inconsiderable.

Mr. J. E. Phelan, in his testimony (page 45), says: "In taking into consideration distance tariffs (Northern Pacific and Great Northern Exhibit 2), it was recognized that such tariffs are prohibitive as far as the movement of any considerable quantity of freight is concerned, it being the exception and not the rule to ship any considerable quantity of freight under such tariffs." And again, page 47, "The distance tariff exists as indicated in Exhibit 2. In actual practice such tariffs apply only to a small percentage of the business transacted locally."

But even if a larger amount of business was transacted under these distance tariffs, the percentage of reduction made by the commissioners' tariff is so small, being especially small on the classes which are in excess, that no confiscation of property could result from their being put in operation.

For the year 1896, for instance, the Great Northern, in their complaint, give \$139,858.65 as the total amount of their local business in North Dakota; the Northern Pacific give their total gross freight earnings for this year as \$129,879.18; a total for both companies of \$269,737.83. Now if the highest percentage of decrease, as shown for 75 miles was applied to this total, the decrease in gross revenue for the two companies would amount to \$20,230.33—a sum which it would hardly be supposed would entail confiscation of property of a road bonded and stocked for over \$70,000.00 per mile, as in the case of the Northern Pacific; or for \$27,509.96 per mile as in the case of the Great Northern. And if an average of all the reductions is applied, assuming an equal quantity of freight hauled 75 miles under each class, the reduction in gross revenue for both roads would amount to \$13,486.15. Now if putting aside this theory, which is made to illustrate the highest possible loss, we get a little nearer the facts and apply for 75 miles the real percentage of reduction of revenue, a very inconsiderable sum will be shown to be taken from the revenue of these two companies. This example is based upon the reduction for 75 miles. The evidence is that but a small percentage of the freight carried locally in North Dakota is carried on a distance tariff. We have seen the results of the whole of the business. Now as to percentages:

If ten per cent of the business carried locally was carried on a distance tariff the difference in gross revenue upon a total of \$269,737.83 of local business at the rate of reduction which has been

demonstrated for 75 miles the decrease in revenue would be the sum of \$1,348.68. Twenty per cent of the business thus carried would show a decrease of \$2,697.37. Thirty per cent of the business thus carried would show a decrease of gross revenue of \$4,046.06, and such a loss of revenue it seems hardly necessary to say would not result in the confiscation of the property of complainants.

Comparing now the distance tariffs for

ONE HUNDRED MILES.

First Class Rate—The commissioners' rate is 50 per cent less than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 8 1-8 per cent less than that of the Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 50 per cent less than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 6 per cent less than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 6 per cent less than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 6 1-2 per cent less than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 7 1-2 per cent less than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is 9 per cent less than the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is the same as the Chicago, Milwaukee & St. Paul.

The rates for one hundred miles are as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	54	46	38	32	27	22	19	16	13	10
N. P. distance tariff, No. 1705.	54	46	38	32	27	22	19	16	13	10
C. M. & St. P. distance tariff, No. 6418.	42	36	27	21	17	17	15	13	11	8
Commissioners' rates.....	40	33	27	20	16	16	14	12	10	8
Com'rs' rates lower in cents than lowest distance tariff.	2	3	0	1	1	1	1	1	1	0

Bearing in mind Mr. Phelan's testimony that the principal movement of local merchandise is 20 per cent second class, 30 per cent third class, 50 per cent fourth class the reduction made by the commissioners from the distance tariff of one of the complainants in this action is even less than the reduction as shown for 75 miles. And if the whole freight business of these complainants—locally—was put upon this basis there would be no confiscation of property. On the contrary the reduction in revenue would amount actually to but a few cents per mile for the mileage of the roads in this state.

To illustrate this point, let us carry out the reduction on the 100-mile basis of reduction as applied to the whole local business of the Northern Pacific and Great Northern, raising the percentages sworn to by Mr. Phelan: If the \$269,737.83 of local business were carried on distance tariffs then, according to the evidence, \$53,947.56 would be second class; \$80,921.35 would be third class and \$134,868.92 would be fourth class. The reduction in second class revenue would be \$4,495.63; the reduction in fourth class would be \$6,743.44 and the total reduction of gross revenue for the Northern Pacific and Great Northern would be \$11,239.07. There would be no reduction in third class freight. And thus, figured on the reduction for 100 miles there seems to be nothing in the assumption of confiscation. The deduction of about \$5,500 per annum from each company's revenue, the rate still being left high.

ONE HUNDRED TWENTY MILES.

First Class Rate—The commissioners' rate is 8 1-3 per cent lower than Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 9 1-2 per cent lower than Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 6 1-2 per cent lower than Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 8 1-3 per cent lower than Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 5 1-2 per cent lower than Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 5 1-2 per cent lower than the Chicago Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 8 1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 7 1-2 per cent lower than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 8 1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is 10 per cent lower than the Chicago, Milwaukee & St. Paul.

The rates for one hundred twenty miles as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	58	49	41	35	29	23	20	17	14	11
N. P. distance tariff, No. 1705.	58	49	41	35	29	23	20	17	14	11
C. M. & St. P. distance tariff, No. 6418.....	48	41	31	24	19	19	17	14	12	10
Commissioners' rates.....	44	37	29	22	18	18	15	13	11	9
Com'r' rates lower in cents than lowest dist. tariff....	4	4	2	2	1	1	2	1	1	1

The percentages of reductions are somewhat greater for 120 miles, but still not alarming. The rates of the commissioners for

this distance still leave the following rates per ton per mile—in cents and decimals:

1	2	3	4	5	A	B	C	D	E
.0733	.0616	.0483	.0366	.03	.025	.025	.0216	.0183	.015

And when it is shown that the following averages per ton per mile were earned by the several railways complaining in this action, a rate of 7 1-3 cents per mile for first-class freight and of .0616, .0483 and .0366 for the principal classes of freight carried short distances in the state would not seem a confiscating rate.

J. E. Phelan (testimony page 79): Average per ton per mile for four years:

Northern Pacific railway .....	.01119
Great Northern railway .....	.01041
C., M. & St. Paul railway .....	.01030
Average commissioners, 120 miles .....	.03597

And it is to be borne in mind that this comparison of the commissioners' rate is being made with the distance tariff and not with the special tariffs, or any one of them, the freight being actually carried for the most part in special tariffs, and not in the distance tariffs this comparison, therefore, being the most favorable one for the complainant.

ONE HUNDRED FIFTY MILES.

First class Rate—The commissioners' rate is 12 per cent lower than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 12 1-2 per cent lower than Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 10 3-4 per cent lower than the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 14 per cent lower than Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 14 per cent lower than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 14 per cent lower than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 10 per cent lower than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 12 per cent lower than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is 7 per cent lower than the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is 9 per cent lower than the Chicago, Milwaukee & St. Paul.

Rates for one hundred fifty miles are as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	64	54	45	38	32	26	22	19	16	13
N. P. distance tariff, No. 1705.	64	54	45	38	32	26	22	19	16	13
C. M. & St. P. distance tariff No. 6418.....	57	48	37	29	23	23	20	17	14	11
Commissioners' tariff.....	50	42	33	25	20	20	18	15	13	10
Com'rs' rate lower in cents than lowest dist. tariff.....	7	6	4	4	3	3	2	2	1	1

ONE HUNDRED EIGHTY MILES.

First Class Rate—The commissioners' rate is 15 per cent less than Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 14 1-3 per cent less than Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 16 1-3 per cent less than Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 15 per cent less than Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 15 1-3 per cent less than Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 15 1-3 per cent less than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 13 per cent less than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 15 per cent less than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is 12 1-2 per cent less than the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is 15 1-2 per cent less than the Chicago, Milwaukee & St. Paul.

Rates for 180 miles are as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	70	60	49	42	35	28	25	21	18	14
N. P. distance tariff, No. 1705.	70	60	49	42	35	28	25	21	18	14
C. M. & St. P. distance tariff, No. 6418.	66	56	43	33	26	26	23	20	16	13
Commissioners' tariff.	56	47	37	28	22	22	20	17	14	11
Com'rs' tariff in cents lower than lowest distance tariff.	10	9	6	5	4	4	3	3	2	2

TWO HUNDRED TEN MILES.

First Class Rate—The commissioners' rate is 18 1-4 per cent lower than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 20 per cent lower than the Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 14 1-2 per cent lower than the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 16 1-4 per cent lower than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 18 1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 18 1-3 per cent lower than the Chicago Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 17 1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 16 per cent lower than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is 18 1-2 per cent lower than the Chicago Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is 16 2-3 per cent lower than the Chicago Milwaukee & St. Paul.

Rates for 210 miles are as follows:

PART I.

RATES IN CENTS PER 100 LBS.

Number	Classes				
	1	2	3	4	5
G. N. distance tariff, No. 494.....	76	65	53	46	38
N. P. distance tariff, No. 1705.....	76	65	53	46	38
C. M. & St. P. distance tariff, No. 6418....	74	63	48	37	30
Commissioners' rate.....	61½	51½	41	31	24½
Com'rs' tariff in cents lower than lowest distance tariff.....	13½	12½	7	6	5½

PART II.

Number	Classes				
	A	B	C	D	E
G. N. distance tariff, No. 494.....	30	27	23	19	15
N. P. distance tariff, No. 1705.....	30	27	23	19	15
C. M. & St. P. distance tariff, No. 6418....	30	26	22	19	15
Commissioners' rate.....	24½	21½	18½	15½	12½
Com'rs' tariff in cents lower than lowest distance tariff.....	5½	4½	3½	3½	2½

TWO HUNDRED FIFTY MILES.

First Class Rate—The commissioners' rate is 20 per cent lower than the Chicago, Milwaukee & St. Paul.

Second Class Rate—The commissioners' rate is 19-1-3 per cent lower than the Chicago, Milwaukee & St. Paul.

Third Class Rate—The commissioners' rate is 15 per cent lower than the Chicago, Milwaukee & St. Paul.

Fourth Class Rate—The commissioners' rate is 17 per cent lower than the Chicago, Milwaukee & St. Paul.

Fifth Class Rate—The commissioners' rate is 18 1-5 per cent lower than the Chicago, Milwaukee & St. Paul.

A Class Rate—The commissioners' rate is 18 1-5 per cent lower than the Chicago, Milwaukee & St. Paul.

B Class Rate—The commissioners' rate is 19 per cent lower than the Chicago, Milwaukee & St. Paul.

C Class Rate—The commissioners' rate is 18 per cent lower than the Chicago, Milwaukee & St. Paul.

D Class Rate—The commissioners' rate is 19 per cent lower than the Chicago, Milwaukee & St. Paul.

E Class Rate—The commissioners' rate is 15 2-3 per cent lower than the Chicago, Milwaukee & St. Paul.

Rates for two hundred fifty miles are as follows:

PART I.

RATES IN CENTS PER 100 LBS.

Number	Classes				
	1	2	3	4	5
G. N. distance tariff, No. 494.....	84	71	59	50	42
N. P. distance tariff, No. 1705.....	84	71	59	50	42
C. M. & St. P. distance tariff, No. 6418...	82	70	53	41	33
Commissioner's tariff.....	67½	56½	45	34	27
Com'rs' tariff in cents lower than lowest distance tariff.....	16½	13½	8	7	6

PART II.

Number	Classes				
	A	B	C	D	E
G. N. distance tariff, No. 494.....	34	29	25	21	17
N. P. distance tariff, No. 1705.....	34	29	25	21	17
C. M. & St. P. distance tariff, No. 6418...	33	29	25	21	16
Commissioners' tariff.....	27	23½	20½	17	13½
Com'rs' tariff in cents lower than lowest distance tariff.....	6	5½	4½	4	2½

Rates for 250 miles are as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	90	77	63	54	45	36	32	27	22	18
N. P. distance tariff No. 1705.	90	77	63	54	45	36	32	27	22	18
C. M. & St. P. distance tariff No. 6418.....	88	75	57	44	35	35	31	26	22	18
Commissioners' tariff.....	72	60	48	36	29	29	25	22	18	14
Com'rs' tariff lower in cents than lowest dist. tariff.....	16	15	9	8	6	6	6	4	4	4

Rates for three hundred miles are as follows:

RATES IN CENTS PER 100 LBS.

Name and No.	Classes.									
	1	2	3	4	5	A	B	C	D	E
G. N. distance tariff, No. 494.	94	80	66	56	47	38	33	28	23	18
N. P. distance tariff, No. 1705.	94	80	66	56	47	38	33	28	23	19
C. M. & St. P. distance tariff No. 6418.....	92	78	60	46	37	37	32	28	23	18
Commissioners' tariff.....	75	63	50	38	30	30	26	23	19	15
Com'rs' tariff lower in cents than lowest dist. tariff....	16	15	10	8	7	7	6	5	4	3

Now as to the longer distances a series of comparisons will show that the rates of the commissioners are not confiscating. To illustrate compare the rate made by the Chicago, Milwaukee & St. Paul in their commodity tariff, No. 19,181, effective July 8, 1897. Defendant's Exhibit No. 3.

	Classes									
	1	2	3	4	5	A	B	C	D	E
Between St. P. & Wahpeton, 251 m., tariff No. 19181.....	72	61	47	36	29	29	25	22	18	14
Commissioners' tariff.....	67½	56½	45	34	27	27	23½	20½	18	13½
Difference in cts. per 100 lbs..	4½	4½	2	2	2	2	1½	1½	1	½

Between the commissioners' rates and the voluntary merchandise rate of the complainant there are the following percentages of reduction, the commissioners' rate being lower:

First class rate	6.25 per cent
Second class rate	7.37 per cent
Third class rate	4.25 per cent
Fourth class rate	5.55 per cent
Fifth class rate	6.89 per cent

A class rate	6.89 per cent
B class rate	6.00 per cent
C class rate	6.81 per cent
D class rate	5.55 per cent
E class rate	3.60 per cent
Average reduction this comparison	5.91 per cent

It is not urged that a 6 per cent reduction would bankrupt these companies, and as demonstrated, the complainant is voluntarily publishing an open rate but 6 per cent higher than the rate of the commissioners.

This same rate is made by the Northern Pacific between St. Paul and Adams, North Dakota, 250 miles; tariff No. 1810, in effect July 12, 1891. Exhibit, defendants, No. 3.

The Great Northern makes a lower rate for a longer distance into North Dakota—tariff No. 1117—defendants' exhibit No. 3. Their rate to Childs, 269 miles, being 69, 59, 45, 35, 28, 28, 24, 21, 17, 14, for 1, 2, 3, 4, 5, A, B, C, D and E class respectively.

A further comparison is made between rates voluntarily made by one of the complainants and the rates made by the commissioners of railroads for the distances 250, 260, 280 and 300 miles, showing that, if the voluntarily made rates are equitable that the commissioners' rates, instead of being too low, are manifestly too high. These comparisons are shown.

DEFENDANTS' EXHIBIT NO. 3.

Road—From to	No. Tariff	No. Miles	Classes									
			1	2	3	4	5	A	B	C	D	E
G. N.—Duluth to Sonora, N. D.....	1117	279	71	60	46	36	28	28	23	21	18	14
G. N.—Duluth to Lidgerwood, N. D.	1117	298	75	64	49	38	30	30	26	23	19	15
G. N.—Duluth to Appleton, Minn....	1117	250	66	56	42	33	27	27	23	20	17	13
G. N.—Duluth to Louisburg, Minn..	1117	259	68	58	43	34	27	27	24	21	17	13

The commissioners' rates for these distances are as follows:

Miles	Distance	Classes									
		1	2	3	4	5	A	B	C	D	E
280	For Sonora distance or.	72	60	48	36	29	29	25	22	18	14
300	For Lidgerwood dist. or	75	63	50	38	30	30	26	23	19	15
250	For Appleton dist. or...	67½	56½	45	34	27	27	23½	20½	17	13½
260	Louisberg distance or..	69	58	46	35	24	28	24	21	17	14

The commissioners' rates in each of these four instances being higher than the voluntary rates of the Great Northern road, as shown in defendant's exhibit No. 3. Great Northern tariff No. 1117, effective April 25, 1895. Now, since the making of tariff 1117, the grain rate from Lidgerwood has been reduced from 15 cents per 100 pounds to 14 1-2 cents per 100 pounds; the grain rate from Sonora has been reduced from 14 cents per 100 pounds to 13 cents per 100 pounds, so that if the grain rates and the merchandise rates were equitable before the reduction of the grain rate the merchandise rate must be high enough, and yet it is lower than the rate named by the commissioners of railroads which rate the complainants fear will operate to confiscate their property unless the courts restrains its operation.

Heretofore an examination has been made of the distance and local freight tariffs, demonstrating that from the higher tariff, which is the distance tariff, seldom used, that the rates sought to be put in effect by the commissioners of railroads of the state of North Dakota are not confiscating, nor unreasonably low. This has been gone into at some length in order to point out that the rates of the commissioners per se and as compared with the voluntary rates of the companies, are not too low. Comparisons showing the small rate, per ton per mile, which the companies are actually receiving, as compared with the rates per ton per mile which are made by the tariff of the Commissioners of Railroads of North Dakota are noted as showing that the companies, on similar classes of traffic are voluntarily making much lower rates than the rates named in the schedules of the commissioners.

DOES LOCAL BUSINESS PAY?

The difficulty in arriving at the real facts in this case, the vital and material facts which are alone in the possession of the complainant and which it refuses to furnish can hardly be appreciated. The mass of complainants' theoretical tables and the sophistical reasoning from them rather seems to cloud than to clear the question. It ought to be easy for them, without wandering about in their various theories of what might happen under certain circumstances, to present the material facts plainly. How much business do you do in North Dakota? What does it cost to do it? And what percentage of this cost should be apportioned to each class of traffic? The facts called for by the defendants, but which complainant refused to furnish on the ground that they were immaterial—immaterial it is to be supposed, to their theory of the case—would have assisted in clearing the matter and the facts would have shown whether or not the complainant was justified in bringing the state before this honorable court to defend the lawful act of its commissioners.

Lacking these facts which only the complainant can furnish, the defendant is compelled from the facts or alleged facts supplied to get at the truth as best they can.

The question first to be answered is—

DOES LOCAL TRAFFIC IN NORTH DAKOTA PAY?

The complainant furnishes some estimated figures which cannot be checked and which may or may not be correct. They give what purports to be the purely local passenger earnings and the purely local freight earnings of North Dakota. They give what purports to be the percentage of operating expenses to gross earnings; they give what purports to be the ton miles of all freight handled in the state and of freight which they call purely local. They do not give the passenger miles in the state, either for all the traffic or for the traffic which they say is purely local to the state. So that in making up from the evidence a statement showing, as nearly accurate as the information furnished us will allow, we are compelled to go to the report of the complainant to the North Dakota Railroad Commissioners, said report being verified by an officer of the corporation, and being in evidence. This report does not show local passenger earnings, of all kinds, for all the years, the companies having latterly discontinued the making of these reports—in those particulars. The ingenious explanation which they make to show that these reports—duly sworn to—are not true, are probably not more ingenious than other statements which can be made by them

denying any other verified statement which they may have made in this case, should occasion require its denial.

This explanation is made to show the difficulties which the defendant has experienced in arriving at facts which should have been promptly furnished by complainants. For there is not and has not been any attempt or disposition upon the part of this defendant to attempt to require the complainant to do anything but meager justice to the people who pay the rates in North Dakota. And if it is true that witness Gray for the Northern Pacific Railway Company has testified nearly 65 per cent of all the business done in the state of North Dakota is local business in fact, if not in law, and but the merest trifling fraction of the total business can be controlled by the legislature of the state and its Commissioners of Railroads, the trifling reductions that are asked at the hands of these companies is so small that there is wonder and surprise that any contention should arise with reference to the matter, more wonderful is it in view of the fact that since the commencement of this reductions have been made in complainant's grain rates, as shown on pages of this argument, reductions which President Hill of the Great Northern is quoted in the public prints as saying, made a reduction to his company of \$700,000 per annum.

But whatever the reasons of this action upon the part of the complainants the fact remains that the state is compelled to defend it—and that the complainants have failed, neglected and refused to furnish evidence necessary to make their case.

Endeavoring from figures furnished to show the profits made from purely local business in the state, the following references are made to the sources, in the testimony, from which the facts were derived that show the profits being made on this business by this complainant.

The manner in which this result is reached is shown in the tables following, Nos. 1, 2, 3 and 4, the last one showing the final result, the others being preliminary.

In table No. 1 the figures showing operating expenses in North Dakota and from the testimony of W. P. Clough at page 19. The figures showing the percentage of operating expenses to gross earnings are from the testimony of W. P. Clough, page 29. The gross earnings for North Dakota comprising all classes of traffic are found by calculation—for example: If, \$1,548,388, operating expenses 1894, is 57.19 per cent of the gross earnings, then the gross earnings for 1894 are readily ascertained to be \$2,707,445. And so for the other years.

In table No. 2, the ton miles are from the testimony of W. P.

Clough, page 32. The revenue is taken from the record made by Mr. Grover, page 1, of the testimony taken at Fargo, July 27, 1898. The rate per ton per mile for North Dakota tonnage is ascertained. The rate per ton per mile over the entire system is taken from the testimony of J. E. Phelan, pages 78 and 79. The difference of revenue, showing the amount paid in each year by the North Dakota tonnage in excess of the amount which would have been paid at the average rate per ton per mile of the whole system, is found by applying the rate for the whole system to the tonnage and deducting that result from the amount of revenue actually received.

In table No. 3 the ton miles of purely local freight are taken from Mr. Clough's testimony, page 32. The amount of the revenue derived therefrom is taken from Mr. Clough's testimony, page 28. The rate per ton per mile for local freight is found by dividing the revenue by the ton miles. The rate per ton per mile for all freight in North Dakota and for the entire system, is taken from table No. 2.

Table No. 4 shows the final results. The local passenger earnings are from Great Northern exhibit A. The passenger earnings of 1897 are given in that table for eight months only so one-third is added to that amount. The local freight earnings are found at page 28 of Mr. Clough's testimony and the total local earnings are the sum of the two. The operating expenses are found in this manner. No data is given except what can be found in the reports of the company to the Railroad Commissioners. Mr. Clough testifies concerning these reports, at page 136 of his testimony:

"Q. Are they correct? A. They are, yes, sir. They are designed to be entirely and perfectly correct in every part."

At page 81 of the report of 1894, is shown the total passenger earnings of the state, which is a little less than three times the amount of the local passenger earnings. And in making these calculations for each year three times the amount of local passenger earnings is taken to represent the entire passenger earnings of the state and this deducted from the total gross earnings, leaving the remainder to represent freight earnings. The operating expenses are then divided between passenger and freight earnings upon this basis. One-third of the operating expenses apportioned to all the passenger business is taken to represent the operating expenses for the purely local passenger business; and such proportion of the operating expenses of the freight traffic as the local ton miles bears to the total ton miles of the state is taken as local freight operating expenses. These two sums constitute the total operating expenses of the local business of the state, and being deducted from the total local earnings of the state leave a balance

of profit for each year as shown in table 4. From this the proportion of the taxes which the local traffic should pay and the proportion of dividends and interest which are properly chargeable to the local business are to be taken.

In making up the operating expenses for freight in this table, 55 per cent of the operating expenses was doubled, which Mr. Clough says (page 19 of his testimony) is the average amount to be attributed in each year to conducting transportation.

Thus: For the year 1895, \$1,394,000 is reported as the operating expenses. By the rule given, \$348,500 is shown to be attributable to passenger business, leaving \$1,045,500 attributable to freight. Adding 55 per cent to this, in order to double the amount attributable to conducting transportation, \$1,620,525 is taken as the freight operating expenses, making \$1,969,025 the total operating expenses instead of \$1,394,000 as reported. This is not done because it is just or equitable; but to follow out the policy of the complainants, who to maintain the high, exorbitant and greatly profitable rates which they are exacting locally in North Dakota have resorted to every device to show additions to the expense and diminutions of the revenue, refusing to produce the figures whereby their calculations might be tested.

With this explanation the following tables are submitted:

(No. 1.)

Year	Operating Expenses North Dakota	Per Ct. Op. to Gross Earnings	Gross Earnings North Dakota
1894.....	\$ 1,548,388	57.19	\$ 2,707,445
1895.....	1,394,000	54.51	2,557,328
1896.....	1,728,107	52.16	3,313,107
1897.....	1,925,212	55.05	3,497,206

(No. 2.)

Year	North Dakota Ton Miles	North Dakota Revenue All Freight	Difference in Revenue	Rate Per Ton Per Mile North Dakota	Rate Per Ton Per Mile Over System
1894..	200,965,725	\$ 2,730,911.79	\$ 528,327.45	.01358	.01096
1895..	251,135,165	3,291,589.85	745,078.98	.01310	.01014
1896..	283,616,052	3,941,060.07	1,151,012.51	.01381	.01019
1897..	266,574,012	3,610,755.50	846,388.00	.01354	.01037

(No. 3.)

Year	North Dakota Local Ton Miles	Local Revenue North Dakota	Rate Per Ton Per Mile		
			Local	All N. D. Freight	Entire System
1894....	\$ 3,170,863	\$ 111,960.76	.03530	.01358	.01096
1895....	2,778,990	113,545.69	.04085	.01310	.01014
1896....	3,456,421	139,858.65	.04046	.01381	.01019
1897....	3,988,027	135,581.58	.03399	.01354	.01037

(No. 4.)

Year	Local Passenger Earnings	Local Freight Earnings	Total Local Earnings
1894.....	\$ 212,763.24	\$ 111,960.76	\$ 324,724.00
1895.....	213,642.51	113,545.69	327,188.20
1896.....	271,854.15	139,858.65	411,712.80
1897.....	217,068.10	135,581.58	352,649.68

(No. 4.—Continued.)

Year	Operating Expenses Attributable to Passenger Earnings	Operating Expenses Attributable to Freight Earnings	Total Operating Expenses	Balance Profit
1894.....	\$ 104,695	\$ 18,666	\$ 123,361	\$ 201,363.00
1895.....	116,166	12,964	129,130	198,058.20
1896.....	147,342	20,294	167,636	244,076.80
1897.....	106,956	37,299	144,255	208,394.64

This is an important matter. In fact the whole case may be decided upon this point!

Did this local traffic pay?

By every known test it pays. The rate per ton per mile is higher, the rates as compared with other rates are higher and other local rates, as the railroad experts term them, that is the rates on freight destined from points within the state to points without the state, have been voluntarily brought to be low rates for the same distances scheduled by the commissioners since the beginning of this action. And the reduction of these grain rates in connection with this suit shows the insincerity and the juggling methods of these complainants. At the filing of the complaint in this suit the grain rates were enough higher, according to President Hill, to produce seven hundred thousand dollars more revenue per annum than they now produce. And yet the reduction of rates on two or three per cent of the freight business and upon a small fraction of the passenger business in the state of North Dakota was to confiscate the property of this complainant. And they have not shown any relation between the rates of North Dakota and the rates of other states or of interstate rates fortifying their contention that if this local rate is reduced that other rates will of necessity be reduced. The question is simply the reduction of the local rates of North Dakota, a business which we can only guess the amount of but which the complainants show amounts to something like \$30,000 per year, all told.

In fact at this very moment the passenger rates in Minnesota is three cents per mile, while in North Dakota it is four cents per

mile. And this difference in passenger rates has not had the effect to compel a reduction of the North Dakota passenger rates.

In the tables presented the theory of complainants in doubling the cost of conducting transportation has been followed, but not because the rule was agreed to, simply to eliminate that question from the argument and to show that, even adding very much more than is claimed in their complaint, arbitrarily, to the cost of doing business that the rates are still unreasonably high.

These rates it appears from comparisons with transcontinental rates, are made to get out of the traffic all it will bear and to assist in recouping for certain losses made in carrying freight under their very cheap rates from ocean to ocean. Mr. Hannaford says (his testimony, page 154):

"I do not know that there is any mathematical calculation that can be applied to the making of a tariff anywhere."

And Mr. Gray says (his testimony, page 18):

"My judgment the traffic manager and general freight agent in making their rates give practically no attention whatever to the cost of doing the business." There seems to be no rule beyond getting all that the traffic will bear.

Mr. Bird says (page 149 of his testimony):

"I don't recall a single tariff or a single instance where in making a rate we have had the opportunity to base our decision upon the cost of service."

And how can these complainants come into court asking to have sustained a tariff made upon any other rule than cost of service, adding a reasonable compensation.

Must not a rate which the court will sustain be based upon what it costs to do the business, with a reasonable profit added?

But this is not the custom nor the reliance of these complainants. That it is not their custom is shown by the different comparisons to which the attention of the court has been called. And in what they place their reliance the evidence does not disclose. Certainly not in the showing of the reasonableness of their rates.

GREAT NORTHERN AND NORTHERN PACIFIC LOCAL TRAFFIC.

A few words of criticism of the declaration of W. P. Clough, found at page 12 of his testimony:

"The immateriality of state lines is well shown, among other ways by the fact that the entire volume of business local to the several states in which the system lies is but a trifling portion of the whole volume. It would probably amount to a little more

than one-quarter of the whole. In the state of North Dakota it is almost nothing at all."

Mr. Gray's percentages of division of tonnage (testimony, page 113) will be remembered.

4.2 per cent strictly local.

63.9 per cent having one terminal in the state.

31.9 per cent through.

So that out of a thousand tons of freight, say, the division must be as follows:

42 tons having two terminals in North Dakota.

639 tons having one terminal in North Dakota.

319 tons passing through the state.

Now bearing these facts in mind notice the unanimity of opinion among railway managers, voiced by Mr. Clough, that the local traffic of North Dakota amounts to almost nothing at all. The criticism is that while the local business having both terminals within the state is comparatively small that the great bulk of the freight business of the road is furnished by the people and that, as shown throughout the testimony, it is handled locally. So far as the practical doing of this business is concerned the state lines are immaterial—with this class of local business. The materiality of state lines appears however when it is desired to control rates on that traffic. The state lines are then important to these railway managers. By their classification of all this local business, performed by local trains, as "interstate" business, they manage to take it beyond the power of the legislature to fix rates for its movement. And if it shall finally be held that this class of local business is purely interstate business, because it crosses these "immaterial" state lines, if the 639 tons are to be added to the 319 tons instead of to the 42 tons to show the business furnished by the people of the state, then the people will have control over but a small portion of the business of the roads, so far as protecting themselves against exorbitant rates on the principal business which they furnish to the state is concerned.

This classification of a large amount of truly local business as interstate business has allowed the complainants in this action to make the following statement:

	1894	1895	1896
Local business in North Dakota	\$ 111,950.76	\$ 113,545.69	\$ 139,858.65
Local to other states	2,425,616.12	3,066,435.25	4,258,149.29
Interstate revenue	6,348,109.00	7,452,414.28	6,484,279.96

Now observe these figures. Over two-thirds of the large amount of business designated as "interstate"—if Mr. Gray's percentages hold good, should be properly classified as local business. It is the domestic business of the people along the line of railway. In North Dakota it is the millions of bushels of grain shipped to the terminal points in Minnesota and the thousands of tons of agricultural implements, merchandise and supplies shipped in. And yet, whenever we speak of the local business of North Dakota we are humiliated by the answer of these railway managers who tell us that our business is "almost nothing at all."

Reconstruct this table upon the basis of Mr. Gray's testimony, which may not be exact but which nevertheless, although it may be shown to be at variance with the exact facts is nevertheless a pointer, and for the year 1894 you would have:

Local business	\$6,051,179.28
Interstate business	2,834.53

This is not strange doctrine to the railway companies. Indeed the division which they have adopted is comparatively recent. As late as 1894, the Great Northern Company reported to the commissioners, under heading "Earnings from Operation, North Dakota, total freight revenue, \$2,124,305.31" (page 81, North Dakota Commissioners' report, 1894.)

These "earnings from operation," for this same year are now reported at \$111,950.76—the company having adopted the new theory that the business of the state is "almost nothing at all." And the Northern Pacific Company, who have evidently become more recent converts to the theory, in the latest report of the commissioners, that of 1897 (page 327) report for the ten months ending June 30, 1897: "Total gross earnings from operation, North Dakota, \$2,341,354.50." And on page 287 of this same report the earnings for the other two months of the year are given as follows: "Total gross earnings from operation, North Dakota, \$574,119.52." The total earnings for the year are given by this company and sworn

to by Mr. H. A. Gray, the witness in these cases, at \$2,915,474.02. The same Mr. Gray who, under the new theory adopted, swears that the total gross earnings for North Dakota for 1897 are \$292,924.74.

As a matter of fact, and as the evidence shows, these earnings were always considered and treated as local earnings. The company paid taxes on this basis (Mr. Clough's testimony, page 14) and the Northern Pacific, which did not pay taxes on the gross earnings plan not only treated these as local earnings, but continued up to the time of commencement of this suit to so treat them.

And these earnings are domestic and local earnings. They are the earnings gathered by doing the business—and nearly all of the business which the people have to do. The railroad experts, testifying for complainants classify this as local business. The complainants themselves have considered it as local traffic up to the time when, to take it from under the law, to remove it from the jurisdiction of courts and to escape having it properly regulated and guarded in the interests of the people against exorbitant rates they have added it to the through traffic—which is a traffic performed on different sorts of trains and in a different manner.

No court has ever decided this domestic traffic, having one terminal in the state, to be anything but local traffic.

Mr. Clough points out some difficulties in the way of adjusting earnings between the different states and dismisses the whole question with the assertion (page 13):

"These facts show why it is impossible to formulate any rule whatever for dividing earnings between different points of a line over which the traffic moves. It cannot be done."

And yet (page 14):

"I cannot see, so far as the mere question of taxations is concerned but that the company would be willing still to keep on in the old way, although it works considerable injustice to the company itself, by largely increasing the amount of its taxes."

That is the company would be willing to make true and correct reports of their business, and to predicate the payments of large sums of money in taxes upon those reports, were it not for the fact that by properly regarding this as local business, it would be brought under the supervision of the legislature and courts—for the proper regulation of charges. And that these reports wherein this large amount of business now ought to be treated as interstate business was properly treated as local business are correct, we have Mr. Clough's own words. For following his long and rambling explanation of why—having been previously sworn to by him—they are wrong—he is asked concerning them (page 136):

"Q. And are correct? A. They are, yes, sir. They are designed to be entirely and perfectly correct in every part."

And these divisions of earnings could be easily arranged, with much more exactness then (if we are to credit complainants' witnesses) much of the business of complainants is performed.

MR. CLOUGH'S TESTIMONY.

The contention of witness Clough and others that while it is impossible to decide earnings on state lines, while operating expenses can thus be divided, seems to be a mere matter of bookkeeping, which, did the public service require it, it would seem might be changed. (Clough's testimony, p. 16.)

It will be seen that according to Mr. Clough, it is impossible to arrive at earnings under the present system of bookkeeping employed by this company for its convenience. On page 17 of his testimony he says:

"It may therefore be said with a good deal of correctness that while it is impossible to tell how much money has been earned in the state of North Dakota within any given year, it is possible to tell with a very great deal of correctness what the cost of doing the business within the state for the same period of time has been."

The figures given therefore as the earnings of this company in North Dakota are mere estimates. An examination of the billing of the original returns, of the primary papers, in the possession of this company would disclose the facts as to earnings. But for some reason, estimates are preferred which are discredited, as above, by the very witness producing them. The failure to produce this evidence, as under the complaint they were bound to do, is fatal to their case. It is to be noticed, also, in judging comparisons made by defendant, that these comparisons are made necessary from the estimates made by complainant, the real facts, in no case being disclosed.

Mr. Clough's estimates may be judged somewhat by his estimate (page 20) of the cost of raising wheat: "It costs the same to raise an acre of wheat whether the yield be ten bushels or twenty-five. The ground must be plowed and harrowed, the seed must be put in, the grain must be reaped and threshed regardless of what showing is made by the half bushels at the end of the work. If the yield is only 15 bushels per acre the cost of raising the grain per bushel is exactly twice what it would be if the yield were thirty bushels."

It is to be hoped that Mr. Clough is a better railroader than he is a farmer.

Mr. Clough's argument, p. 23:

"Taking all conditions surrounding railway business in North Dakota, it is one of the most expensive regions in the whole country for carrying on a railway business."

If true should not apply exclusively to the less than two per cent of tonnage which is set down as purely local. All classes of business on the road suffer from these conditions—if they exist—and the greater the tonnage of any particular class, the greater the share of this suffering. As the traffic, in spite of all these drawbacks, seems to be greatly remunerative, this argument has little force.

Mr. Clough, page 24:

"For all trade purposes the strip of country running down the Red river on the Dakota side is as much a part of the state of Minnesota as that running down the same river on the east side. It would be impractical to have one distance tariff for the east side of the river and another for the west side, as to have two different ones for Minnesota."

And yet there are two passenger schedules. One of three cents per mile in Minnesota and one of four cents per mile in North Dakota, and two freight schedules also, if Mr. Clough is correct about the distance tariff prevailing in Minnesota, as it does in North Dakota. For there is a special tariff from Fargo to points in Minnesota in the territory described by Mr. Clough and another from Grand Forks, which seem to work alongside of this distance tariff without any conflict. The sheer nonsense of this will be seen by reference to that portion of the argument where rates are compared and contrasted. It will be seen in that section of the argument that when it is desired to put in a rate, it is put in regardless of what it might be under a scientific, finely adjusted system of rates. Then there are the Minnesota terminal tariffs, so-called, making a rate much lower than any rate made in North Dakota. This may be illustrated by noting the cattle rate cited elsewhere, wherein live stock is moved from Dickinson to St. Paul within \$4.00 a car of the price for the same service to Fargo, the first distance being 560 miles, the second 309.

Mr. Clough, page 25:

"If the North Dakota distance tariffs are too high; practically all the other rates on the system are too high likewise, and if this company, from compulsion or otherwise, should reduce the distance tariff in North Dakota, any other patron of the road living upon any other part of the system would be in a position to say that North Dakota has been unduly favored in the matter of rates, and that his own tariffs should be cut down proportionally."

If such a thing should happen and the unfortunate patron of the

road who pays higher rates than the North Dakota shipper should protest, his protestations would probably be filed where North Dakota protests have been, or he would be treated to an expensive suit at law if he should attempt to enforce any rights. As a matter of fact, the grain rates have been reduced, as shown elsewhere in this argument, since the commencement of this suit, and yet this suit is not dismissed. Which would be a sufficient answer to this proposition. For here is the patron wanting local rates put on an equitable basis, or nearly so, with these grain rates, but it does not seem to disturb Vice-President Clough. This in view of a carefully prepared statement made by his company and filed as Exhibit E wherein, for six months, it could only be found on the most favorable showing for the company that \$5,749.19 would be lost by the putting in of the commissioners' rates, whereas the grain rate reduced made a difference of hundreds of thousands of dollars.

And speaking of this Exhibit "E," a few figures from the details of that exhibit, with the freight shown in rates per ton per mile, will serve as an example of one of these finely adjusted tariffs, which are not to be disturbed by the commissioner's rates.

Miles	Commodity	Ton Miles	Freight	Rate Per Ton Per Mile	Com's Rate Per Ton Per Mile
20	Cattle and hogs....	200	8 16.00	.0800	.0450
30	Cattle and hogs....	307½	11.00	.0357	.0366
50	Cattle and hogs....	500	21 00	.0420	.0340
70	Cattle and hogs....	700	26.00	.0371	.0271
100	Cattle and hogs....	2200	58.90	.0267	.0230
150	Cattle and hogs....	3300	71.08	.0215	.0180
200	Cattle and hogs....	2400	35.00	.0156	.0155
30	Sheep.....	165	14.00	.0848	.0366
150	Sheep.....	1800	36.00	.0200	.0180

Miles	Commodity	Ton Miles	Freight	Rate Per Ton Per Mile	Com'r's Rate Per Ton Per Mile
200	Sheep.....	14350	273.00	.0120	.0155
30	Horses and mules..	380	16.00	.0533	.0466
50	Horses and mules..	1000	54.36	.0543	.0360
100	Horses and mules..	1200	37.00	.0308	.0250
200	Horses and mules..	2000	65.00	.0325	.0175

The attention of the court is called particularly to this example and they are to be found in the actual transactions of this company wherever disclosed. The commissioners' rate per ton per mile, it will be noticed, is regular and systematic. The rates of the company lack uniformity, seem to have no proper foundation in system and are more like the prices of a low-class retail establishment, willing to sell goods at any price rather than miss a sale—making up on one customer what they lose on another—than the well regulated system of a great railroad company who ask in this court to have their rates preserved because they are equitable.

For the distance of twenty miles they have a rate per ton per mile only about two cents less than their rate for first-class merchandise for 100 miles.

For the distance of thirty miles they have three rates, the highest class commodity having a rate lower than one rate on a lower class but higher than the other. For the one shipment the rate is .0357 per ton per mile while for another in the same class it is .0848 per ton per mile (more than double) and this thirty-mile rate is higher than the twenty-mile rate shown on another shipment. Another thirty-mile rate is .0533 per ton per mile. The commissioners' rate on the higher class for thirty miles is .0466 and upon the lower class .0366, and is the same in both instances.

Both of the fifty-mile rates shown, as charged by this company in its sample table of actual transactions are higher than their thirty-mile rates. The uniform and systematic table of the commissioners grades the rate in each instance on each class. For this distance the company charges the higher rate on the higher class commodity, but also charges a higher rate per ton per mile for the longer distance—the wholesale principle reversed.

For seventy miles the company charges a higher rate per ton per mile than it does for thirty miles. The commissioners' rate, it will be seen, follows its scientific rule and lowers the rate per ton per mile as the distance increases.

For one hundred miles there is the alarming reduction by the company between its seventy-mile rate which is higher than its thirty-mile rate, and its one hundred-mile rate; seventy-mile rate, .0371; one hundred mile-rate, .0267, a reduction of .0004, whereas the seventy-mile rate, which is shown by comparison with the thirty-mile rate to be too high, is yet .0049 lower than the fifty-mile rate. There is another one hundred-mile rate made by the company of .0308 per ton per mile, which is a sharp reduction from their fifty-mile rate for the same commodity of .0235, while another one hundred-mile rate reduces, in the same commodity, but .0090.

For one hundred and fifty miles there are two rates, one of them being .0015 higher than the other. The commissioners' rate being systematically arranged, being therefore always the same for the same commodity for the same distance.

For two hundred miles there are three different rates per ton per mile given—widely varying, .0120, .0146 and .0325. The highest of these rates is not quite three times as high as the lowest one. But this higher rate is but a small fraction lower than one of the rates for thirty miles and higher than one of these rates for one hundred miles. The commissioners' rate for the two classes of freight is properly and systematically graded.

This table, furnished by complainant to show actual business of the company, illustrates the utter impossibility of ascertaining the facts without a complete statement of actual transactions, which was asked for but refused. For this statement of actual transactions does not agree with the rates as given by this company in schedule 5 attached to their complaint. Their rates, as shown by the details of Ex. E, are entirely different from the rates as shown by schedule 5. Which are their rates? What do they receive for transporting property in North Dakota? The evidence produced by these complainants does not show. It simply confuses without throwing any light upon the subject. A comparison of the rates, per ton per mile, in horses and mules and upon cattle and hogs, as shown in schedule 5 and as shown in exhibit E, are here contrasted.

These contrasts will show that the complainants have perhaps good reasons for not desiring their actual transactions to be known, as the faint glimpse of them which is given to us by a chance statement shows that their tariff sheets are of no value whatever in determining what their rates actually are.

This table shows the rates per ton per mile on cattle, hogs and on

horses and mules, as shown by the complainants in their exhibit E—of actual transactions—and in schedule 5 attached to their complaint, which schedule, so far as examined, accords very nearly but not exactly, with their distance tariff No. 494, of which it purports to be a copy.

RATES PER TON PER MILE.

Miles	Cattle and Hogs		Horses and Mules	
	As Per Ex. "E"	As Per Schedule 5	As Per Ex. "E"	Schedule 5
20.....	.0800	.0750	.....
30.....	.0357	.0666	.0533	.0586
50.....	.0420	.0552	.0543	.0508
70.....	.0371	.0462	.....
100.....	.0267	.0400	.0308	.0360
150.....	.0215	.0308	.....
200.....	.0146	.0262	.0325	.0229

And here is the explanation of the refusal of the complainant to produce the figures showing the actual transactions. They were not material—to their side of the story. That is, it was absolutely necessary to suppress them in order that it might not be discovered that, as a matter of fact, their rates in actual practice do not accord with their rates in theory. Their tariffs introduced show their theoretical rates. But unless the complainants are compelled to bring from the darkness into the light the records of their actual transactions we are simply following them into the dark, able only to discover an occasional gleam of light when, perhaps by inadvertence, the record of an actual transaction is seen.

Mr. Clough, page 28:

"I have a table showing the gross freight earnings on traffic beginning and ending in the state of North Dakota for the four years ending June 30, 1897, as follows:

1894	1895	1896	1897
\$ 111,960.76	\$ 113,545.69	\$ 130,858.65	\$ 133,581.58

Q. How can the amount of such traffic be ascertained? Is it from way bills showing each local shipment and the amount received under the rate charged?

A. The volume of traffic local to any state can be determined by an examination of the bills, which give the weights, the rates and the total earnings of each shipment.

Observe this answer, which confirms the contention of the defendant, and which is the common sense, business way, and so far as determined, the only way at which these matters can be arrived at. And while going through these way bills to get this information, the other information desired and absolutely necessary to a correct understanding of these matters and of this case can be obtained, as requested, and refused. Did Mr. Clough obtain these figures in this manner? They are the foundation figures in this suit. They are the figures in the complaint, the figures in every comparison to show the small amount of money derived from local freight business in North Dakota. Where did they come from? Where does Mr. Clough, in response to Mr. Grover's direct and leading question, say they came from? He does not say.

It is precisely this that we want—the information contained in these way bills—without which every figure purporting to show the business of this complainant in North Dakota is inexact, and every contention based upon those figures is without warrant.

Mr. Clough's arguments are deductions (p. 29) with reference to the application of the percentage of operating expenses to gross earnings has been explained in another place in this argument. The total earnings should pay operating expenses only in such proportion as the local earnings bear to the total earnings of the state. The credits and debits should be arrived at upon the same basis if a true balance is desired.

Mr. Clough (p. 30):

"The percentages of reductions in tariff rates ordered by the commissioners varies upon the different commodities and for different length of haul.

"I have compared these percentages for an average distance of 200 miles, which would cover the great bulk of the business moving in North Dakota. * * * A computation has been made for ascertaining exactly what the reduction would have been if it had been applied to the business actually moved during the six months,

January, February, April, July, October and November, 1896. Such a computation is very difficult to make and requires great trouble and expense, as each bill has to be separately examined."

And as a result of this computation is introduced Exhibit "E," being:

"Recapitulation of tables showing tonnage and revenue on business between stations in North Dakota, under actual tariffs, and proposed commissioners' tariffs, in months of January, February, April, July, October and November, 1896, said tables being plaintiff's exhibits No."

These results have been analyzed at length.

Use has been made of the tonnage figures on page 32 of Mr. Clough's testimony.

"As the haul increases the rate per ton per mile decreases invariably on all tariffs."

This is true of the commissioners' tariffs as well as others, but as has been shown in comments on exhibit "C," it is not true of actual experiences on the Great Northern. Another reason why an account of actual transactions are absolutely necessary to prove complainant's case.

Mr. Clough, page 149:

Q. In doing a local business the question of competition does not cut much figure in the state of North Dakota?

A. No, in the state of North Dakota it does not cut any figure.

The law regulates what competition fails to regulate. As shown in tables prepared to show how local traffic pays on this road, the rates per ton mile are as follows:

RATES PER TON PER MILE.

Year	Local	All N. D. Freight	System
1894.....	.03530	.01358	.01006
1895.....	.04085	.01310	.01014
1896.....	.04046	.01381	.01019
1897.....	.03399	.01354	.1037

Which accounts for the anxiety of these complainants to maintain the absurd proposition that the cost of conducting transporta-

tion are twice or three times as high on local as upon through business. And even at that being shown, local rates are out of all proportion.

Mr. Clough, page 148:

Q. What is the basis upon which a tariff local to the state of North Dakota is founded?

A. The main basis of distance tariffs is figuring on a certain percentage of difference from terminal tariffs operating in the same territory, as a rule. The distance tariff is generally designed to be at a certain estimate or assumed percentage above terminal tariffs covering the same territory.

There is no doubt from the illustration shown in this argument that these percentages are high enough. But should not a tariff to be sustained as an equitable tariff be upon a basis of cost of service with a reasonable percentage of profit added? The evidence, quoted elsewhere, sustains defendant's contention that there are no tariffs made under this proper rule. And this admission of this witness confirms this contention.

Mr. Clough, page 154:

Q. Had any of the percentages (figures) been compiled for the state of North Dakota for its own (the company's) use?

A. Not on state lines; no sir. The company would not for its own use make any compilation of earnings upon state lines.

Q. Then these figures given in these tables were all compiled especially with reference to these suits?

A. As they appear in these tables that is true.

And according to Mr. Clough they were prepared from the way bills, while according to Mr. Farrington they were prepared from abstracts. At all events, I fail to see where they can be evidence. The best evidence of what this business really is is the records of the actual transactions. These are not pretended to be furnished. The only copy even of an actual transaction, as recapitulated in exhibit C, disputes the tariff sheets, the complainant's theories and the complainant itself in this action. That has been referred to at length in the criticism on exhibit C.

Mr. Clough, page 155:

Q. Is there any other way of determining the amount of traffic carried upon any particular portion of the road and the amount received for that service than by an examination of the way bills, the passenger tickets, mileage, passes and so on?

A. Except the sources named and report of conductors and agents there are no other original sources of information for ascertaining the amount of earnings. * * *

Page 156 testimony:

Q. So there is no other source known to you by which from the records kept by the company, that the amount of freight handled, the distance carried and the price received for carrying the same can be had except the way bills?

A. No; that is the original sources. The reports are in the nature of compilations.

Page 157:

Q. Do you know whether the way bills have been examined for the years 1894, 1895, 1896 and 1897 under your instructions for the purpose of preparing this table relating to the gross receipts for those four years?

A. I have no personal knowledge.

Mr. Farrington, p. 215, swears:

"I gave instructions that in preparing figures showing earnings in North Dakota, for instance, they would use the entire abstracts for North Dakota."

So that there is not even a pretense left, after cross-examination of these witnesses, Messrs. Clough and Farrington, that the figures introduced by Mr. Clough were even copied by anybody from the original way bills. Mr. Clough thought upon direct examination that they were, but Mr. Farrington, another witness in the chain of directing the preparation, says that they were taken from "abstracts" and not from way bills, so that there isn't an iota of real evidence in this case as to the earnings of complainant in North Dakota, and consequently no case.

The only earnings which Vice-President Clough seems really to have known were correct were the earnings reported to the railroad commissioners.

Report to North Dakota railroad commissioners, page 114, report 1894:

"STATE OF MINNESOTA, County of Ramsey—ss.

We, the undersigned, W. P. Clough, vice-president and Robert I. Farrington, comptroller of the Great Northern Railway Company, on oath do solemnly say that the foregoing return has been prepared under our direction from the original books, papers and records of said company; that we have carefully examined the same and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth except those shown in the foregoing accounts and that the amounts and figures contained in the foregoing return embrace all

of the financial operations of said company during the period for which said return is made.

(Signed.)

W. P. CLOUGH,
Vice-President.

ROBT. I. FARRINGTON,
Comptroller,

Subscribed and sworn to before me this 12th day of December,
A. D. 1894.

C. C. McELWEE,
Notary Public, Ramsey County, Minnesota.

Mr. Clough, page 99, testifies as to these reports:

Q. Do you mean to say that those reports are absolutely correct as to the items which they express.

A. They were intended to be so.

Q. For the several years for which they were rendered?

A. They were intended to be so. I cannot say of my own knowledge, because I think all of them have my verification.

Q. Did you personally examine the several items referred to in order to determine their correctness?

A. If I signed and verified any report I went through the whole report carefully to be sure it was correct.

On page 90 of that report appears this entry—(1894, N. D. R. R. Com.):

Total operating expenses, state of North Dakota.....	\$1,548,388.75
Percentage of expense to earnings, North Dakota....	56.70

On page 82 of that report appears this entry:

In North Dakota, total gross earnings from operation. \$2,730,911.79

In Mr. Clough's testimony now given he gives figures from which I have computed in the table No. 1, referred to in another portion of this argument that, taking double the cost of conducting transportation as a basis in North Dakota operating expenses, the gross earnings for North Dakota were \$2,707,445.00.

In a note of explanation on page 97 of the report referred to, Vice-President Clough explains that the company does not admit the correctness of this basis; but for years this plan has been pursued, and to this day no good reason had ever been given why it is not just that the people who furnish the trade and who pay the money to the company should not be credited with it. They say it cannot be divided with "exactness." What of these divisions, of these estimates, these figures, sworn to though they are—are furnished with exactness? The state of North Dakota, according to the sworn statements of the several companies in this action, and

according to the best figures obtainable, pays something over five millions of dollars per annum for freight and passenger service. In 1894 the gross business of this state, according to report of commissioners of railroads for that year, was \$7,253,719.09. Of this probably not over a million and a half, certainly not over two millions of dollars was paid to these railway companies for through traffic. Over five millions comes into their treasuries directly from the trade of this state. That trade increases yearly. But by the new system of accounting only about ten per cent of this sum is to be credited to the people who pay it. And there is not a claim in all the subtle and carefully prepared explanations which have been made as to why they do not credit it, excepting that it is impossible to arrive at the amount with exactness! How does the evidence show as to the exactness with which the ten per cent is accounted for? May they not next year repudiate that also and say that nothing is earned in North Dakota, because the amount cannot be arrived at with exactness? Do they want these amounts exactly ascertained? They have refused, peremptorily, to furnish the data from which the exact facts could be obtained; and if, under these circumstances, and with this evidence (which in this case is lack of evidence) which is in their possession, which they were bound to furnish to prove their case and which they refused to furnish, they can prevail in these actions, then the people must be content to pay whatever charges the railroad companies see fit to exact unless they can devise some other means than is at present suggested for obtaining justice.

Under the theory of the complainants in this case there is positively no check upon these corporations, and the principle that the legislature may regulate these charges is simply a meaningless thing.

Mr. Clough, page 188:

Q. But you prepared none of the figures from original sources?

A. Oh, no; none at all. I have not professed to do so.

Certainly not. Why take the trouble to get evidence that might be of value when it is much easier—and I have no doubt safer for these complainants—to produce statements prepared “under direction,” which cannot be checked by this court or by the defendants.

Mr. Clough, page 188:

“I might say further, with respect to these tables, that in making the computations I have rejected fractions as being of no consequence at all, and which would necessarily cumber up the record and make the copying difficult.”

That is humor. The manner in which this record has been cumbered with inconsequent trash makes Vice-President Clough's con-

sideration, which would ordinarily be courtesy, to appear as a sample of refined humor, which does the gentleman credit.

Now with reference to those tables—exhibit E. The methods of complainants in juggling with figures is shown therein. They first say that the operating expenses are for the year 1897, 55.05 per cent (Clough page 29.) Now, if you have the gross earnings of any given portion of the time, you can apply the percentage of operating expenses to find the operating expenses which, deducted, gives the net income. But the complainants find that this would give a profit, so the doubling of cost of conducting transportation theory is invented. And when that will not work to show a loss—on paper—something else must be resorted to. Let us apply their theory to the earnings and income as shown for the branch lines—exhibit E.

Aberdeen and Ellendale Lines—168.32 Miles—

Total gross earnings	\$88,389.35
Operating expenses at 55.05 per cent	44,659.24

Profit	\$43,730.11
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If the gross earnings are reported correctly that is probably about the profit that the company derives from the operating of that branch. But in their theory of doubling cost of transportation, what would it amount to? And, remember, in doubling cost of transportation how the advertising bills, other agencies, terminal charges and other costs of conduction transportation doubled up on the Aberdeen and Ellendale line.

Here is that computation—fractions omitted:

Profit, deducting operating expenses of entire line.....	\$43,734.11
Deduct the arbitrary amount found by doubling cost of conducting transportation, including the extra charges for superintendence, station services, loss and damage, injuries to persons, clearing wrecks, advertising, outside agencies, commissions, stock yards and elevators, rents for tracks, yards and terminals, rents for buildings and other property and stationery and printing—increased because of local business	23,221.80

Still a profit of	\$20,508.31
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This profit left with which to pay taxes, interest and dividends.
Bottineau Branch—38.66 Miles—

Total gross earnings	\$ 22,892.59
Operating expenses, 55.05 per cent	12,602.37

	\$10,290.22
--	-------------

This would be a fair profit on 38.66 miles of road, upon which the trade is continually increasing. Not a great profit, \$261 per mile, however, and if this profit on purely local trade is kept up throughout the state, and the profit on interstate traffic is in the same ratio, there will be no danger of the confiscation of this property.

But we have not deducted from this sum the extra expenses of advertising, outside agencies and rent of track and terminals on the Bottineau branch. Everybody who has a grain of common sense knows that these things should not be doubled—it being a question in some minds whether they should be charged at all or not—but to double them is simply to commit a most arrantly nonsensical act.

However, doubling this sum and deducting it you have as follows:

Profit as shown	\$10,290.22
Deduct the arbitrary amount, which includes items as shown for Aberdeen and Ellendale branch, comprised in cost of conducting transportation, page 42, report commissioners of railroads 1897	6,553.23
	<hr/>
	\$ 3,636.99

Nearly a hundred dollars a mile left—which is small enough, but which taken in connection with the other local traffic of the state helps to swell the profits in gross. It will be noted, however, that this being the shortest and weakest Great Northern line in the state that it cannot so well stand to be plucked of three-fifths of its profits for the luxuries of outside agencies, etc.—which it does not have the benefit of—only the privilege of being charged with.

Langdon Branch—94.04 Miles—

Total gross earnings	\$141,031.07
Operating expenses at 55.05 per cent	77,637.60
	<hr/>
Profit	63,393.47
To these expenses the complainants have only added a little over 26 per cent of the operating expenses to make the total, disregarding their rule that the operating expenses double the cost of conducting transportation, showing operating expenses.....	98,068.71
Instead of.....	77,637.60
	<hr/>
	\$20,431.11

To have doubled the cost of conducting transportation, as the vice president swore was necessary—at

least—the operating expenses for this branch would have been.....	40,371.55
Less than double cost of conducting transportation by the complainant Langdon branch.....	\$19,940.44
Cando Branch—55.21 Miles—	
Total gross earnings.....	\$33,474.18
Operating expenses at 55.05 per cent.....	18,427.53
Profit.....	\$15,046.65
Deducting doubling cost of transportation.....	9,582.31
Profit.....	\$5,464.34

Now in doubling cost of conducting transportation in these estimates, I have considered all the business given as the class of business upon which complainants' say it should be at least doubled. We are compelled to follow them as best we can being unable to compel them to produce the real facts. Summarizing these results in tabular form we have these results:

Branch	Miles	Earnings	Operating Expenses at .5505
Aberdeen.....	168.32	\$ 88,389.35	\$ 44,659.24
Bottineau.....	38.66	22,892.59	12,602.37
Langdon.....	94.04	141,031.07	77,637.60
Cando.....	55.21	33,474.18	18,427.53
Total.....	256.23	285,787.19	153,326.74

Branch	Net Profit	Added to Operat'g Ex. Doubling Cost of Conducting Transportation	Profit
Aberdeen	\$ 43,730.11	\$ 23,221.80	\$ 20,508.31
Bottineau	10,290.22	6,553.23	3,636.99
Langdon	63,393.47	20,431.11	42,962.56
Cando	15,046.65	9,582.31	5,464.34
Total	132,460.45	59,788.45	72,547.20

I have doubled the cost of conducting transportation for all of the business shown, except on the Langdon branch, where I added about 26 per cent of the amount due to cost of conducting transportation, which is the amount added by the company. But, of course, this business is not all of the class of business called by this company local business for its aggregates on this 356.23 miles of branch road, \$285,787.19, while the whole local freight business for this year (Clough, page 28) is only \$135,851.58 and the passenger business \$201,935 (estimated from eight months table No. 1 Ex. A) for the whole line of 1,078.91 miles (Clough, page 9), in the state of North Dakota. How much should be added to operating expenses at the regular rate of the whole line, if anything? Here is what has been added in this account of transactions on those branch lines:

Branch	Operating Expenses at 5505	Operating Exp. Shown in Ex. "E"	Added to Operating Expenses	Per Cent Expenses Added
*Aberdeen	\$ 44,659.24	\$ 99,215.19	\$ 54,555.95	122
†Bottineau	12,602.37	26,098.00	13,495.63	107
‡Langdon	77,637.00	98,068.71	20,431.11	26
§Cando	18,427.53	33,983.86	15,556.33	84
Total	153,326.74	257,365.76	104,039.02	

Number of miles—*168.32
 “ —† 38.66
 “ —‡ 94.04
 “ —§ 55.21

The whole amount of earnings were..... \$285,787.19
 The operating expenses at the average of the line were 153,326.74
 And there was added arbitrarily to these expenses... 104,039.02

At three of these branches if their rule of doubling cost of conducting transportation had been followed—and if all of the business had been strictly local business—which it was not, this would have been the result:

Cost of conducting transportation doubled in complainant's table:

Aberdeen branch.....	\$67,881.04	\$99,215.19
Bottineau branch.....	19,155.60	26,098.00
Cando branch.....	28,009.84	33,983.86

It is with much regret that the time of the court is taken up with these details, but it is absolutely necessary to go fully into these deceptive, misleading and foundationless reports, exhibits and statements to show the utter hopelessness of the establishment of their case by these complainants unless they leave their theories aside and present the facts.

The defendants will be entirely satisfied to abide by whatever results the facts may show. But the facts are not in evidence in this case, and the analysis of the table of alleged transactions of branch lines shows it plainly.

GREAT NORTHERN COMPARISON OF GRAIN RATES WITH COMMISSIONERS' RATES.

There are in evidence a number of the tariff sheets of the several plaintiffs in this action. These tariffs show the rates that were in effect at the time of the beginning of this action and the rates that have been made since. They show rates on the several kinds of traffic which can all be classed under the four heads:

1—Freight hauled from points within the state to points within the state.

2—Freight hauled from points within the state to points without the state.

3—Freight hauled from points without the state to points within the state.

4—Freight hauled from points without the state, through the state, to points without the state.

There is also in evidence the tariff made by the Commissioners of Railroads, covering only the first class of freight named above (defendants' Exhibit No. 1.)

Calling attention now to the following exhibits:

1—Defendants' exhibit No. 3, Great Northern tariff No. 1284, effective October 9th, 1895, with amendment No. 22, effective September 13th, 1897.

2—Defendants' exhibit No. 3, Great Northern tariff No. 1117, effective May 10th, 1895.

3—Defendants' exhibit No. 1, tariff of Commissioners of Railroads.

4—Defendants' exhibit No., Great Northern tariff No. 4400, in effect August 1st, 1898.

The first of these tariffs shows the grain rates in effect on the Great Northern railway, between St. Paul, Como, Minnesota Transfer, Minneapolis, Minneapolis Junction, Duluth, Minnesota, West Superior or Saunders, Wisconsin, and stations in Minnesota, North Dakota, South Dakota and Montana, from October 9th, 1895, to August 1st, 1898. The rates on grain in this tariff were in effect at the commencement of this action.

They are the rates that governed all shipments of grain out of North Dakota to the points named, being the terminal points of the Great Northern road in Minnesota and Wisconsin.

The second of these tariffs is used at this time merely to show the distances between the stations in North Dakota and the terminal point of the Great Northern road at St. Paul, the distance

to the other terminal points named being within a few miles of the same distance.

The third exhibit is the tariff of the Commissioners of Railroads of North Dakota and is the tariff which is sought to nullify by this action.

The fourth exhibit is the grain tariff of the Great Northern railway, covering the same points as in tariff No. 1284 and superseding that tariff and its amendments.

And in arranging these tariffs together and calling the attention of the court to them in a group it is desired to point out:

1—The rates on grain prevailing in May, 1897, when this action was begun.

2—The reduction made by the Great Northern Railway Company on those rates, and

3—The rates for the same distances as fixed by the Commissioners' tariff on the same commodity.

For convenience and to save time in arriving at the point these several facts have been arranged in tabular form. And in this connection attention is called to the testimony of J. E. Phelan (page):

"In taking into consideration distance tariffs (Northern Pacific and Great Northern exhibit 2) it was recognized that such tariffs are prohibitive so far as the movement of any considerable quantity of freight is concerned, it being the exception and not the rule to ship any considerable quantity of freight under such tariffs."

The Great Northern tariffs here used for comparison are the tariffs under which the grain actually moves. And the comparisons here arranged shows that the Great Northern Company has reduced its grain tariff to a point below that named in the commissioners' tariff which it is sought now to show is so unreasonable that its operation will "confiscate your orator's property" (complaint of Great Northern, page). By reference to the exhibits referred to it will be seen that the following distances, rates and facts are sworn to in the evidence:

The distance from Hague, North Dakota, to St. Paul, is 288 miles. (Great Northern tariff 1117.) The rate on grain as fixed by the Great Northern railway at the time of the commencement of this suit (tariff No. 1284), was 17 cents per 100 pounds; the rate named by the commissioners, on grain, for this distance (exhibit 1) is fifteen and a half cents per 100 pounds; the rate made by the Great Northern in their new tariff No. 1400 in effect August 1st, 1898, is fourteen and a half cents per 100 pounds, or one cent per hundred pounds less than the rate of the commissioners for the same distance.

From Fargo to St. Paul the distance is 243 miles. (Great Northern tariff 1117); rate Great Northern on grain (tariff 124) 15½ cents per 100 pounds; rate of commissioners for this distance, 14 cents per 100 pounds; new rate of Great Northern (tariff 4400) 14½ cents per 100 pounds—the commissioners rate being one-half cent per 100 pounds less than the new rate of the Great Northern company.

From Harwood to St. Paul the distance is 252 miles (Great Northern tariff 1117); the old rate of the Great Northern was 16½ cents per 100 pounds; the commissioners' rate 14 cents per 100 pounds; the new rate of the Great Northern 14½ cents per 100 pounds, one-half cent per 100 pounds more than the commissioners' rate.

From Argusville to St. Paul, the distance is 257 miles; old Great Northern rate is 16½ cents per 100 pounds; commissioners' rate 14½ cents per 100 pounds; new rate of Great Northern the same as the commissioners' rate—14½ cents per 100 pounds.

From Gardner to St. Paul, the distance is 264 miles; old Great Northern rate 16½ cents per 100 pounds; commissioners' rate and the new Great Northern rate the same—14½ cents per 100 pounds.

From Grandin, 270 miles; Kelso, 276 miles; Alton, 279 miles; and Hillsboro, 282 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for each of these distances, is 15 cents per 100 pounds; the new Great Northern tariff sheet reduces the rates to and from each of the stations named to 14½ cents per 100 pounds, one-half cent per 100 pounds less than the commissioners' rate.

From Clark, 286 miles and Cummings 290 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rates for each of these distances is 15½ cents per 100 pounds; the new rate of the Great Northern is 14½ cents per 100 pounds, or one cent per 100 pounds less than the commissioners' rates.

From Buxton, 296 miles; Hubbard, 299 miles; Reynolds, 301 miles; Thompson, 308 miles; Merrifield, 313 miles; and Grand Forks, 321 miles—the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for each of these distances is 16 cents per 100 pounds; the new Great Northern rate from each of these stations is 14½ cents per 100 pounds or 1½ cents per 100 pounds less than the commissioners' rates.

From Schurmeier, 327 miles, the old Great Northern rate was 17½ cents per 100 pounds; the commissioners' rate for this distance is 16½ cents per 100 pounds; the new Great Northern rate is 14½ cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rates.

From Manvel, 334 miles, the old Great Northern rate was 18

cents per 100 pounds; the commissioners' rates for this distance is $16\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or $1\frac{1}{2}$ cents per 100 pounds less than the commissioners' rates.

From Levont, 340 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is 17 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Ardock, 346 miles; Minto, 352 miles; Grafton, 361 miles; Nash, 367 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for each of these distances is $17\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or $2\frac{1}{2}$ cents lower than the commissioners' rates.

From Hoople, 374 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is $17\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Crystal, 379 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is 18 cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or $2\frac{1}{2}$ cents per 100 pounds less than the commissioners' rate.

From Cavalier, 393 miles, the old Great Northern rate was 18 cents per one hundred pounds; the commissioners' rate for this distance is 18 cents per 100 pounds; the new Great Northern rate is 16 cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Backboo, 461 miles, the old Great Northern rate was $18\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is $16\frac{1}{2}$ cents per 100 pounds. The commissioners have not made any rate of any distance exceeding 400 miles, so that no comparison can be made with the commissioners' rate.

From Leyden, 466 miles, and Walhalla, 472 miles, the Great Northern rate has been reduced from 19 cents per 100 pounds to $16\frac{1}{2}$ cents per 100 pounds. The commissioners make no rate for these distances.

From Auburn, 367 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is $17\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or $2\frac{1}{2}$ cents per 100 pounds less than the commissioners' rate.

From St. Thomas, 375 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is $17\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Glasston, 381 miles; Hamilton, 388 miles; and Bathgate, 393 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rates for these distances is 18 cents per 100 pounds; the new Great Northern rate is 16 cents per 100 pounds or 2 cents per 100 pounds less than the commissioners' rates.

From Devillo 210 miles; Sonora, 215 miles; Wahpeton, 215 miles; Slotten, 219 miles; Lehigh, 221 miles, and Dwight, 222 miles, the old Great Northern rate was 14 cents per 100 pounds; the commissioners' rates for these distances and the new Great Northern rate are the same—13 cents per 100 pounds.

From Hankinson, 223 miles, the old Great Northern rate was 14 cents per 100 pounds; the commissioners' rate for this distance is $13\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is 13 cents per 100 pounds—or one-half cent per 100 pounds lower than the commissioners' rate.

From Stiles, 230 miles, the old Great Northern rate was $14\frac{1}{2}$ cents per 100 pounds; the commissioners' rate for this distance and the new Great Northern rate are the same— $13\frac{1}{2}$ cents per 100 pounds.

From Lidgerwood, 234 miles, the old Great Northern rate was 15 cents per 100 pounds; the commissioners' rate for this distance is 14 cents per 100 pounds; the new Great Northern rate $14\frac{1}{2}$ cents per 100 pounds or one-half cent per 100 pounds more than the commissioners' rate.

From Geneseo, 240 miles, the old Great Northern rate was 15 cents per 100 pounds; the commissioners' rate for this distance is 14 cents per 100 pounds; the new Great Northern rate is $14\frac{1}{2}$ cents per 100 pounds—or one-half cent more than the commissioners' rate.

From Cayuga, 246 miles, and Rutland, 252 miles, the old Great Northern rate was 16 cents per 100 pounds; the commissioners' rate for these distances is 14 cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds or $1\frac{1}{2}$ cents per 100 pounds more than the commissioners' rates.

The following stations retain the old Great Northern rates, not being changed by the new tariff sheet: Belle Plaine, Brookland, Straubville, Crescent Hill, Newton, Port Emma, Guelph, Silver Leaf, Ellendale, Havana.

From Galchett, 239 miles, the old Great Northern rate was 15

cents per 100 pounds; the commissioners' rate and the new Great Northern rate are the same—13½ cents per 100 pounds.

From Walcott, 241 miles, the old Great Northern rate was 15½ cents per 100 pounds; the commissioners' rate for this distance is 14 cents per 100 pounds; the new Great Northern rate is 14½ cents per 100 pounds—one-half cent per 100 pounds more than the commissioners' rate.

From Kindred, 249 miles, and Davenport, 254 miles, the old Great Northern rate was 16 cents per 100 pounds; the commissioners' rate for these distances is 14 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one cent more per 100 pounds than the commissioners' rate.

From Addison, 258 miles, the old Great Northern rate was 16½ cents per 100 pounds; the commissioners' rate for this distance is 14½ cents per 100 pounds; the new Great Northern rate is 15 cents per hundred pounds—or one-half cent more than the commissioners' rate.

From Lynchburg, 266 miles, and Chaffee, 270 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for this distance and the new Great Northern rate are the same—15 cents per 100 pounds.

From Leach's Siding 262 miles, and Durbin, 262 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for this distance is 14½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one-half cent more than the commissioners' rate.

From Everest, 267 miles; Casselton, 270 miles; Flemings, 272 miles, and Ripen, 278 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for these distances and the new Great Northern rate are the same—15 cents per 100 pounds.

From Erie, 288 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for this distance is 15½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one-half cent lower than the commissioners' rates.

From Galesburg, 299 miles; Clifford, 304 miles, and Roseville, 310 miles, the old Great Northern rate was 17½ cents per 100 pounds; the commissioners' rate for these distances is 16 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one cent per 100 pounds lower than the commissioners' rate.

From Portland, 314 miles, and Mayville, 312 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for these distances is 16 cents per 100 pounds; the new Great North-

ern rate is 15 cents per 100 pounds—or one cent lower than the commissioners' rates.

From Absaraka, 279 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for this distance is 15 cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or one-half cent more than the commissioners' rate.

From Ayr, 285 miles, the old Great Northern rate was $17\frac{1}{2}$ cents per 100 pounds; the commissioners' rate and the new Great Northern rates are the same— $15\frac{1}{2}$ cents per 100 pounds.

From Page City, 294 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance and the new Great Northern rate are the same— $15\frac{1}{2}$ cents per 100 pounds.

From Hope, 307 miles; Blabon, 313 miles; Pickert, 318 miles, and Finley, 321 miles, the old Great Northern rate was $18\frac{1}{2}$ cents per 100 pounds; the commissioners' rate for these distances is 16 cents per 100 pounds; the new Great Northern's rates are $15\frac{1}{2}$ cents per 100 pounds—or one-half cent lower than the commissioners' rates.

From Sharon, 328 miles, the old Great Northern rate was $18\frac{1}{2}$ cents per 100 pounds; the commissioners' rate for this distance is $16\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or one cent per 100 pounds less than the commissioners' rate.

From Aneta, 335 miles, the old Great Northern rate was $18\frac{1}{2}$ cents per 100 pounds; the commissioners' rate for this distance is 17 cents per 100 pounds; the new Great Northern rate is $15\frac{1}{2}$ cents per 100 pounds—or $1\frac{1}{2}$ cents per 100 pounds lower than the commissioners' rate.

From Howe's Siding, 273 miles; Ameniah, 277 miles, and Arthur, 284 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for these distances and the new Great Northern rate are the same—15 cents per 100 pounds.

From Hunter, 290 miles, the old Great Northern rate was 17 cents per 100 pounds; the commissioners' rate for this distance is $15\frac{1}{2}$ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one-half cent lower per 100 pounds than the commissioners' rates.

From Greenfield, 296 miles; Preston, 299 miles; Blanchard, 300 miles, and Murray, 307 miles, the old Great Northern rate was $17\frac{1}{2}$ cents per 100 pounds; the commissioners' rate is 16 cents per 100 pounds for this distance; the new Great Northern rate is 15 cents per 100 pounds—or one cent per 100 pounds lower than the commissioners' rate.

From Hatten, 324 miles, the old Great Northern rate is 18 cents per 100 pounds; the commissioners' rate for this distance is 16 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or one cent per 100 pounds lower than the commissioners' rate.

From Northwood, 332 miles, the old Great Northern rate is 18 cents per 100 pounds; the commissioners' rate for this distance is 16½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 1½ cents per 100 pounds lower than the commissioners' rate.

From Kempton, 338 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is 17 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Larimore, 345 miles; Edison, 350 miles; McCana, 353 miles; Orr, 359 miles; Inkster, 364 miles, and Conway, 370 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for these distances is 17½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2½ cents per 100 pounds less than the commissioners' rates.

From Pisek, 375 miles and Park River, 381 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for these distances is 18 cents per 100 pounds; the new Great Northern rate is 15 cents per hundred pounds—or 3 cents per 100 pounds less than the commissioners' rates.

From Edinburgh, 391 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for this distance is 18 cents per 100 pounds; the new Great Northern rate is 15½ cents per 100 pounds—or 2½ cents per 100 pounds less than the commissioners' rates.

From Ojata, 332 miles, the old Great Northern rate was 17½ cents per 100 pounds; the commissioners' rate for this distance is 16½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 1½ cents less than the commissioners' rates.

From Emerado, 337 miles and Arvilla, 343 miles, the old Great Northern rate was 18 cents per 100 pounds; the commissioners' rate for these distances is 17 cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rates.

From Shawnee, 352 miles, the old Great Northern rate was 19 cents per 100 pounds; the commissioners' rate for this distance is 17½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2½ cents per 100 pounds less than the commissioners' rates.

From Niagara, 359 miles, the old Great Northern rate was 20 cents per 100 pounds; the commissioners' rate for this distance is 17½ cents per 100 pounds; the new Great Northern rate is 15 cents per 100 pounds—or 2½ cents per 100 pounds less than the commissioners' rates.

From Petersburg, 365 miles, and Michigan City, 371 miles, the old Great Northern rate was 20 cents per 100 pounds; the commissioners' rates for this distance is 17½ cents per 100 pounds; the new Great Northern rate is 15½ cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rates.

From Mapes, 375 miles, the old Great Northern rate was 20 cents per 100 pounds; the commissioners' rate for this distance is 18 cents per 100 pounds; the new Great Northern rate is 15½ cents per 100 pounds—or 2½ cents per 100 pounds less than the commissioners' rates.

From Lakota, 381 miles, and Bartlett, 385 miles, the old Great Northern rate was 20 cents per 100 pounds; the commissioners' rate for these distances is 18 cents per 100 pounds; the new Great Northern rate is 16 cents per 100 pounds—or 2 cents per 100 pounds less than the commissioners' rate.

From Crary, 395 miles, the old Great Northern rate was 21 cents per 100 pounds; the commissioners' rate for this distance is 18 cents per 100 pounds; the new Great Northern rate is 16 cents per 100 pounds or two cents less than the commissioners' rates.

These are the stations of the Great Northern in North Dakota where a comparison can be made with the commissioners' rates. It will be seen that the commissioners' rates is based upon a mileage rate and that the new Great Northern rate is generally, as low or lower than the rate for the same distances as made by the commissioners. The assertion that the lowering of rates to a basis of the rates named by the commissioners in their schedule would amount to confiscation of the Great Northern property, when the company itself, has made a reduction to a rate lower than the rate which is objected to, seems without foundation. There is nothing to show that this lower rate made by the Great Northern Railway Company was other than a voluntary rate. It will be noticed, too, that the reductions are not uniform—not a certain percentage taken from each rate—but that the rate is made to more nearly conform to the commissioners' rates as a whole, or rather that the new rates of the Great Northern are more systematic than the old rates and that they are more like the rates of the commissioners.

Considerable time has been given to the consideration of this part of the testimony as it seems to clearly show:

1—That the commissioners' grain rates are not too low to pro-

duce a profit to the company—who have voluntarily put in a lower rate since the publication of the commissioners' rates.

2—That the commissioners' grain rates are more systematically adjusted than the old Great Northern rates—as shown by the conformity to the commissioners' rates in the new rates made by the Great Northern.

3—That the graduating of the new rates of the Great Northern are more apparently equitable as between stations and as to different stations than the old rates of the Great Northern—and the commissioners' rates are thus collaterally shown to be equitable by the testimony of the complainant's tariff sheets.

To illustrate these propositions further, the following comparisons are made between the present rates of the Great Northern on grain (tariff No. 4400—exhibit) and the commissioners' rates for the same distances.

Take the distance 252 to 254 miles; the commissioners' rate is 14 cents per 100 pounds. The present Great Northern rates are:

From Harwood, 252 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Rutland, 252 miles to St. Paul, $15\frac{1}{2}$ cents per 100 pounds.

From Davenport, 254 miles to St. Paul, 15 cents per 100 pounds.

Take the distances 261 to 264 miles; the commissioners' rate for this distance is $14\frac{1}{2}$ cents per 100 pounds. The present Great Northern rates are:

From Havana, 261 miles to St. Paul, 16 cents per 100 pounds.

From Durbin, 262 miles to St. Paul, 15 cents per 100 pounds.

From Brookland, 263 miles to St. Paul, 16 cents per 100 pounds.

From Gardner, 264 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

Take the distances 270, 283 miles; the commissioners' rate for these distances is 15 cents per 100 pounds. The present Great Northern rates are:

From Grandin, 270 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Casselton, 270 miles to St. Paul, 15 cents per 100 pounds.

From Straubville, 271 miles to St. Paul, 16 cents per 100 pounds.

From Kelso, 276 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Crescent Hill, 276 miles to St. Paul, 16 cents per 100 pounds.

From Ripon, 278 miles to St. Paul, 15 cents per 100 pounds.

From Absaraka, 279 miles to St. Paul, $15\frac{1}{2}$ cents per 100 pounds.

From Alton, 279 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Hillsboro, 282 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Port Emma, 283 miles to St. Paul, $16\frac{1}{2}$ cents per 100 pounds.

Take the distances 287 to 293 miles; the commissioners' rate for these distances is $15\frac{1}{2}$ cents per 100 pounds. The present Great Northern rates are:

From Guelph, 287 miles to St. Paul, $16\frac{1}{2}$ cents per 100 pounds.

From Hague, 288 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Erie, 288 miles to St. Paul, 15 cents per 100 pounds.

From Hunter, 290 miles to St. Paul, 15 cents per 100 pounds.

From Cummings, 290 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Silver Leaf, 293 miles to St. Paul, 17 cents per 100 pounds.

Take the distances 296 to 301 miles; the commissioners' rate is 16 cents per 100 pounds for these distances. The present Great Northern rates are:

From Greenfield, 296 miles to St. Paul, 15 cents per 100 pounds.

From Buxton, 296 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Preston Spur, 299 miles to St. Paul, 15 cents per 100 pounds.

From Hubbard, 299 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Blanchard, 300 miles to St. Paul, 15 cents per 100 pounds.

From Reynolds 301 miles to St. Paul, $14\frac{1}{2}$ cents per 100 pounds.

From Ellendale, 301 miles to St. Paul, $17\frac{1}{2}$ cents per 100 pounds.

From Colgate, 301 miles to St. Paul, $15\frac{1}{2}$ cents per 100 pounds.

The rate of the commissioners being based upon distance hauled is more uniform than the rates of the Great Northern that vary three cents per 100 pounds for practically the same distance.

It seems unnecessary to make more of an argument upon this proposition than to call attention to the figures as shown in the testimony.

COMPARISONS OF GRAIN RATES OF GREAT NORTHERN RAILWAY WITH COMMISSIONERS' RATES AND SHOWING DIFFERENCE BETWEEN OLD AND NEW RATE.

(Car Loads in Cents per 100 lbs.)

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Hague	288	17	$14\frac{1}{2}$	$15\frac{1}{2}$
Fargo	243	$15\frac{1}{2}$	$14\frac{1}{2}$	14
Harwood	252	$16\frac{1}{2}$	$14\frac{1}{2}$	14
Argusville	257	$16\frac{1}{2}$	$14\frac{1}{2}$	$14\frac{1}{2}$
Gardner	264	$16\frac{1}{2}$	$14\frac{1}{2}$	$14\frac{1}{2}$

Between St. Paul, Coma, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Grandin	270	17	14 $\frac{1}{2}$	15
Kelso	276	17	14 $\frac{1}{2}$	15
Alton	279	17	14 $\frac{1}{2}$	15
Hillsboro	282	17	14 $\frac{1}{2}$	15
Clark	286	17	14 $\frac{1}{2}$	15 $\frac{1}{2}$
Cummings	290	17	14 $\frac{1}{2}$	15 $\frac{1}{2}$
Buxton	296	17	14 $\frac{1}{2}$	16
Hubbard Pit.....	299	17	14 $\frac{1}{2}$	16
Reynolds	301	17	14 $\frac{1}{2}$	16
Thompson	308	17	14 $\frac{1}{2}$	16
Merrifield.....	313	17	14 $\frac{1}{2}$	16
Grand Forks.....	321	17	14 $\frac{1}{2}$	16
Schurmeier	327	17 $\frac{1}{2}$	14 $\frac{1}{2}$	16 $\frac{1}{2}$
Manvel	334	18	15	16 $\frac{1}{2}$
Levant.....	340	18	15	17
Ardock.....	346	18	15	17 $\frac{1}{2}$
Minto.....	352	18	15	17 $\frac{1}{2}$
Grafton.....	361	18	15	17 $\frac{1}{2}$
Nash	367	16	15	17 $\frac{1}{2}$
Hoople.....	374	18	15 $\frac{1}{2}$	17 $\frac{1}{2}$
Crystal	379	18	15 $\frac{1}{2}$	18
Hensel.....	385	.....	16	18

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Cavalier	393	18	16	18
Backos	461	18½	16½	
Leyden	466	19	16½	
Walhalla	472	19	16½	
Auburn	367	18	15	17½
St. Thomas	375	18	15½	17½
Glasston	381	18	16	18
Hamilton	388	18	16	18
Bathgate	393	18	16	18
Neché	401	18	16	
Deville	210	14	13	13
Sonora	215	14	13	13
Hankinson	223	14	13	13¼
Stiles	230	14½	13½	13½
Lidgerwood	234	15	14½	14
Geneseo	240	15	14½	14
Cayuga	346	16	15½	14
Rutland	252	16	15½	14
Belle Plaine	258	16	16	14½
Brookland	263	16	16	14½
Straubville	271	16	16	15
Crescent Hill	276	16	16	15

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Newton	281	16½	16½	15
Port Emma	283	16½	16½	15
Guelph	287	16½	16½	15½
Silver Leaf	243	17	17	15½
Ellendale	301	17½	17½	16
Havana	281	16	16	14½
Lehigh	221	14	13	13
Brushvale .....	....	.....	13½	.....
Wahpeton	215	14	13	13
Slotten	219	14	13	13
Dwight	222	14	15	13
Galchutt	229	15	13½	13½
Colfax	235	15	14	13½
Walcott	241	15½	14¼	14
Kindred	249	16	15	14
Davenport	254	16	15	14
Addison	258	16½	15	14½
Lynchburg	266	17	15	15
Chaffee	270	17	15	15
Leach's Siding	262	17	15	14½
Durbin	262	17	15	14½
Everest	267	17	15	15

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Casseltown	270	17	15	15
Fleming's Siding	272	17	15	15
Ripon	278	17	15	15
Mason .....	....	17	15	....
Erie	288	17	15	15½
Galesburg	290	17½	15	16
Clifford	304	17½	15	16
Roseville	310	17½	15	16
Portland	314	18	15	16
Absaraka	279	17	15½	15
Ayr	285	17½	15½	15½
Page City	294	18	15½	15½
Colgate	301	18½	15½	16
Hope	307	18½	15½	16
Beabon	313	18½	15½	16
Pickert	318	18½	15½	16
Finley	321	18½	15½	16
Sharon	328	18½	15½	16½
Aneta	335	18½	15½	17
Howe's Siding	273	17	15	15
Amenia	277	17	15	15
Arthur	284	17	15	15

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth, and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Hunter	290	17	15	15½
Greenfield	296	17½	15	16
Preston Spur	299	17½	15	16
Blancherd	300	17½	15	16
Murray	307	17½	15	16
Mayville	312	18	15	16
Grandin Farm .....	...	....	15	....
Portland Junction .....	...	....	15	....
Hatton	324	18	15	16
Northwood	332	18	15	16½
Kempton	338	18	15	17
Larimore	345	18	15	17½
Edisons	350	18	15	17½
McCanna	353	18	15	17½
Orr	359	18	15	17½
Inkster	364	18	15	17½
Conway	370	18	15	17½
Pisek	375	18	15	18
Park River	381	18	15	18
Edenburgh	391	18	15½	18
Milton	403	19	15½	....
Osnabrock	409	20	16	....

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior.	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Easty.....	...	....	16 $\frac{1}{2}$	....
Langdon	421	20	16 $\frac{1}{2}$	....
Dresden	428	20 $\frac{1}{2}$	17	....
Wales	435	21	17	....
Hannah	442	21	17	....
Ojata	332	17 $\frac{1}{2}$	15	16 $\frac{1}{2}$
Emerado	337	18	15	17
Arvilla	343	18	15	17
Larimore	345	18	15	17 $\frac{1}{2}$
Shawnee	352	19	15	17 $\frac{1}{2}$
Niagara	359	20	15	17 $\frac{1}{2}$
Petersburg	365	20	15 $\frac{1}{2}$	17 $\frac{1}{2}$
Michigan City	371	20	15 $\frac{1}{2}$	17 $\frac{1}{2}$
Mapes	375	20	15 $\frac{1}{2}$	18
Lakota	381	20	16	18
Bartlett	385	20	16	18
Crary	395	21	16	18
Devils Lake	406	21	17	....
Grand Harbor	413	21	17	....
Penn	419	21	17	....
Churchs Ferry	424	21	17	....
Maza	432	22	17	....

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior	No. Miles	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Cando	440	22	17½	....
Considine .....	...	....	18	....
Bisbee	453	22½	18	....
Perth	460	23	18½	....
Rolla	472	23	19	....
St. John	479	23	19	....
Niles .....	...	....	17	....
Leeds	436	22	17	....
York	442	22	17	....
Knox	448	22½	17	....
Pleasant Lake	454	23	17½	....
Rugby Junction	463	23	18	....
Barton	476	23	18½	....
Willow City	454	23	19	....
Omeme	493	23	19	....
Bottineau	501	23	19	....
Berwick	474	23	18½	....
Towner	482	23	19	....
Denbigh	488	24	19	....
Granville	501	24	20	....
Norwick	509	25	21	....
Minot	523	26	22	....

Between St. Paul, Como, Minnesota Transfer, Minneapolis, Minnesota Junction, Duluth and West Superior	No. Miles.	Old Rate Gt. Northern	New Rate Gt. Northern	Commissioner Rate for Same Mileage
Des Lacs	535	28	23	....
Lone Tree	541	29	25	....
Berthold	546	30	26	....
Wallace	556	31	27	....
Delta	563	32	28	....
Palermo .....	...	33	29	....
Stanley	578	34	30	....
Ross	585	35	31	....
Manitou	590	36	32	....
White Earth	595	36	32	....
Tioga	606	37	34	....
Ray	615	38	35	....
Wheelock	622	39	36	....
Spring Brook	631	40	37	....
Avoca	639	41	38	....
Williston	645	42	39	....
Trenton	656	44	50	....
Buford	665	45	41	....

Old Rates from Exhibit—Defendants' Ex. No. 3—Great Northern tariff No. 1284; effective Oct. 9th, 1895, and amendment 22, effective Sept. 13th, 1897.

Distances from Exhibit—Defendants' Ex. No. 3—Great Northern tariff No. 1117, effective May 10th, 1895, and amendments.

Commissioners' rates from defendants' Ex. No. 1.

New rates from defendants' Ex. No. 1, in effect Aug. 1st, 1898. No. 4400.

"A"—New station.

CONDUCTING TRANSPORTATION.

There is an immense amount of matter to be analyzed and sifted in order to reach a fair and equitable decision of this question of reasonable rates for the transportation of persons and property in the state of North Dakota. It was incumbent upon the complainants to show that the rates which the commissioners sought to enforce unreasonable. Instead of endeavoring to aid the court in clearing these points they have used every effort to bewilder and to confuse. It is impossible for me to point out all of these efforts to mislead, confuse and misdirect this court. I cannot follow up and expose all of the deliberately made false statements; but I have taken up this important point, of the cost of conducting transportation and will endeavor to illustrate some of the methods of this complainant in this investigation.

It will be noticed that in making up the account of the actual local earnings in North Dakota we have been compelled to rely upon figures furnished by the complainants which we believe to be fictitious and which certainly—according to the testimony—are not drawn from primary sources, are not presented to the court by the persons who searched them out, and which, at best, are a species of guess work—if not deliberately incorrect.

As to how the local freight earnings for North Dakota were procured we have this testimony. The tables purporting to show these earnings were introduced by Vice-President Clough. He was asked how these figures were obtained. Testimony of W. P. Clough, page 69:

Q. How did you arrive at those figures?

* * * * *

A. Those figures are gotten by an examination of the billing.

Q. By examining the billing, you mean going and examining the way bills?

A. Yes, sir.

From this it appears that the earnings of the complainant local to North Dakota were ascertained from an examination of the way bills of the company. Mr. R. J. Farrington, the comptroller of the company, being examined upon this point, as to when the information was derived, whence the figures were obtained which are presented as the local earnings of North Dakota for the years 1894-5-6-7, testifies.

Testimony Mr. Farrington, page 201:

"To make up these figures here to which my attention has been called we get out the received abstracts for North Dakota, and we go through all the received abstracts and draw off all the earnings on all way bills received at all stations in North Dakota."

Page 215:

"I gave instructions that in preparing figures showing earnings in North Dakota, for instance, they would use the entire abstracts for North Dakota."

So that these tables introduced by Mr. Clough and sworn to by him as having been taken directly from the way bills of the transactions were, according to Mr. Farrington, taken from the abstracts of those way bills—which may or may not show the exact facts. Mr. Farrington further testifies. Page 215:

Q. You have not personally collected the figures from the original sources for the purpose of preparing these tables that you have testified to?

A. Why, yes. I have not selected any figures. I gave instructions that in preparing figures showing earnings in North Dakota, for instance, they would use the entire abstracts for North Dakota.

* * * * *

Q. You did not verify, for instance, from the figures embodied in any of these tables with the figures in the original source from which they were obtained by your clerks?

A. No.

And these are the figures upon which it was necessary to rely in making up the account which I have made of the local earnings in North Dakota. Whether these figures are correct or not, there is no means of ascertaining from the evidence. The whole case of the complainant is based upon unverified figures.

Why were not these precious way bills produced in court? Why were not the defendants allowed a sight of those sources of original information? If these complainants expected to maintain their case, why the paucity of facts and the great array of estimates and guessed-at calculations?

Why are we treated to an array of vice-presidents, comptrollers and other high officers instead of being put face to face with the men who really made the figures—the work of which these officers formally disclaim? The figures were given to them and out of these figures they prepared an array of tables figured upon various hypotheses and theories as to their correctness and sources of information. Mr. Clough testifies.

Testimony, page 53:

"The material used in making up the computations have been

derived either from the accounting department or from the engineering department or from the general records of the company, and most of them have been materials that have been prepared for the use by the company in the management of its business, and not specifically for any purpose of litigation."

Page 54:

Q. And the estimates, tables and computations you have testified to correct

A. I have no reason to doubt their correctness; the greatest pains have been taken to have them absolutely correct.

But there is doubt about their correctness, as I shall proceed to show. It was not the man under whose "direction" this work was performed, but the men who did the work who should have been put forward for cross-examination. The real "direction" probably came from higher chiefs who do not appear upon the witness stand at all, so that this evidence is lacking as to its work and its inception—at both ends. It is not a dress parade of vice-presidents that we desire to attend; the biographies of these gentlemen in the evidence are certainly interesting and show what pluck, energy and determination can accomplish—but they do not teach what this company earns in North Dakota, what it costs to earn it and how much compensation should be honestly paid to them. This defendant did not seek this suit. These commissioners had an honest purpose in making these rates, to serve the rate-payers of this state. They called the rate-makers together and endeavored to get suggestions from them. They tried to secure—not a reasonably low rate but a reasonably high rate—in peace with good feeling. It was a small concession that they asked. Exhibit "C"—a recapitulation of six months of freight business in North Dakota shows that according to the methods of figuring adopted by these complainants that the differences on the principal articles of merchandise in the state between the commissioners' tariff and the actual business of the complainant would have been \$5,749.19. Perhaps a full statement of this business would have shown even less than this. But this small concession was refused. This injunction suit was brought. Even then the commissioners, hopeful then that these complainants would frankly state the facts upon which these injunction suits were based. They expected candor and plain statements but they were disappointed. They were not looking for tricks and juggled testimony, for evasions and misrepresentations of facts. To see if the complainants produced this sort of testimony, let us examine:

On page 18 of the testimony of W. P. Clough he gives the following items of conducting transportation:

Wages of enginemen, firemen and roundhousemen,
Fuel for locomotives,
Water supply for locomotives,
All other supplies for locomotives,
Wages of other trainmen,
All other train supplies,
Wages of switchmen, flagmen and watchmen,
Expenses of telegraph, including train dispatchers and operators.
Wages of station agents, clerks and laborers,
Station supplies,
Switching charges—balance,
Car mileage—balance,
Loss and damage,
Injuries to persons,
Barges, floats, tugs, ferryboats, expenses of including wages,
fuel and supplies.
Other expenses.

This statement is not prepared from memory. It is a carefully prepared statement.

Testimony, page 4:

"I say by way of preface before reading my answer that when I was informed that I was to be examined as a witness, that as the matters about which I was to be examined were mostly historical and statistical, I asked Mr. Grover to prepare a list of questions covering the points he wished answers upon so that I could reduce my answers to writing in order to be sure to include all that was desired and include all tables and figures in such a way that they would be comprehensible. That has been done, and I have prepared my answers, which I will read to the various questions as asked."

This is his carefully prepared sworn testimony. Is it true? I call your attention to page 421 of the report of the railroad commissioners of North Dakota. There is also a statement of the items under the head of conducting transportation. It is a part of the testimony in this case. It is sworn to by James J. Hill, the president of the company. Is it true? It is not like the statement of Vice-President Clough. It differs essentially. Both of these statements are not true. They are both carefully prepared—and it is presumed "under the direction" of the gentlemen who swear to them. The one in the books has the figures set opposite to each item. Those of Mr. Clough have not the figures, but the lump sum of operating expenses for North Dakota are the same in Mr. Clough's testimony that they are in the books.

Page 422, report North Dakota commissioners 1897, operating expenses:

State of North Dakota \$1,925,212.47
 W. P. Clough's testimony, page 19 1,925,212.00

And that the cost of conducting transportation is the same is shown by the fact that the operating expenses include the cost of conducting transportation, and further that on page 19 of Mr. Clough's testimony he gives the operating expenses at \$879,302.00 --the amount in Mr. Hill's report at page 422 of the book being \$879,302.87, which is the footing of the items as shown on page 421 of the book. These figures are for the year 1897.

Why are the items given by Mr. Clough not the same as the items given by Mr. Hill? Is there any purpose in this? The figures are the same. Mr. Clough's include all of the money, but he leaves out some of the items. Why?

Mr. Clough's testimony page 92:

"In making the estimate which I have done I have assumed that for all the other classes the expenses except the cost of conducting transportation the average cost of handling a unit of strictly local business in North Dakota would be no more than that of handling the average units of business on the system; but the excessive cost for the local business has come in the estimates which I have made wholly upon the class of expense commonly known as cost of conducting transportation."

At page 93:

"I have not attempted to show items but have shown the facts from which I have drawn the conclusions, that the expense of conducting transportation is from two to three times as great as that for the handling of the average business in the system."

At page 96:

"I have assumed that with reference to 45 per cent of operating expenses the cost per unit of local traffic and other traffic was the same. The difference of the cost of the two classes of traffic that I believe to exist, and have so stated, has been placed entirely upon the other 55 per cent known as cost of conducting transportation."

And the other vice-presidents generally concur, varying the percentages somewhat.

These cases against the commissioners of North Dakota are practically one case. Much testimony is made interchangeable. The railway people are together with one purpose in this presentation.

And now you see the reasons for Vice-President Clough's misleading statement.

Conducting transportation, 1897, North Dakota commissioners' report, 1897, page 421:

No.	Item	Amount for Entire System	Amount for All N. D. Business
1	Superintendence.....	\$180,727.72	\$ 36,689.95
2	Engine and roundhouse men.....	707,063.34	143,542.35
3	Fuel for locomotives.....	1,236,590.14	251,042.70
4	Water supply for locomotives.....	56,463.53	11,462.80
5	Oil, tallow and waste for locomotives....	24,383.63	4,950.20
6	Other supplies for locomotives.....	14,306.11	2,904.40
7	Train service.....	511,869.98	103,915.75
8	Train supplies and expenses.....	108,247.49	21,975.60
9	Switchmen, flagmen and watchmen.....	156,146.17	31,699.55
10	Telegraph expenses.....	154,517.07	31,368.90
11	Station service.....	317,048.14	64,364.58
12	Station supplies.....	34,290.78	6,961.49
13	Switching charges.....	9,134.33	1,854.38
14	Car mileage balance.....	.....	.....
15	Hire of equipment balance.....	614.18	124.69
16	Loss and damage.....	122,722.96	24,914.28
17	Injuries to persons.....	142,084.65	28,844.89

No.	Items	Amount for Entire System	Amount for all N. D. Business
18	Clearing wrecks.....	28,456.28	5,776.97
19	Operating marine equipment.....	.....	.....
20	Advertising.....	37,837.54	7,681.48
21	Outside agencies.....	187,420.50	38,048.62
22	Commissions.....	22,395.35	4,546.43
23	Stock yards and elevators.....	46.09	9.36
24	Rents for tracks yards, and terminals....	235,277.96	47,764.25
25	Rents of buildings, etc.....	6,887.68	1,398.29
26	Stationary and printing.....	26,759.64	5,432.53
27	Other expenses.....	9,991.41	2,028.38
	Total.....	\$4,331,282.67	\$ 879,302.87

This table will perhaps render it more clear. This is President Hill's table. It shows the items that are shown in Vice-President Clough's table—excepting that there are more of them. The amounts are the same in both instances. The amount is the thing that is to be doubled. The second column of figures in this table I have added to show the items for each division applied to North Dakota business, which is over 20 per cent of all the cost of conducting transportation on the entire line.

The items suppressed by Vice-President Clough are:

First—Superintendence.

It would not have done to have placed this item blazonly before the court as one that was to be doubled. Of course it is doubled in the computations, but it is suppressed in Vice-President Clough's table that it may not attract attention. It is such a monstrously absurd proposition that the cost of superintendence has to be

doubled because of local business that it is well to keep that fact in background. Double it—but don't talk about it. This item of superintendence is a little over 4 per cent of the total cost of conducting transportation and amounts to \$180,727.72. By doubling the cost of conducting transportation, \$36,689.95 is arbitrarily and without reason added to the cost of doing the purely local business of North Dakota. This would make the cost of superintending the business of North Dakota \$73,379.90. The whole sum of "purely local" business attributed to the state of North Dakota, 1897, is \$352,649.68.

Clearing wrecks, \$5,766.97, .00656 per cent of the whole expense of conducting transportation is charged in President Hill's statement, included in Vice-President Clough's total, but omitted in his items. By his ingenious method of figuring \$10,553.94 is to be set down as the expense of clearing wrecks for North Dakota. Now, admitting that they have many wrecks within the state, they have not explained how the local business of the state tends to increase either the number of wrecks or the cost of clearing them away.

Advertising, \$37,837.54, .00873 per cent of the whole expenses of advertising in the system. North Dakota's proportion, embraced in the item \$879,302.87, which is to be doubled if the business of the state is considered purely local. It is to be doubled under the definitions given by the other vice-presidents and general managers, as shown and quoted elsewhere in this argument of local business, making \$75,675.08 to be attributed to North Dakota because of the great expense of advertising because of a purely local business.

And yet Mr. Clough says, page 88 of his testimony:

"For the purposes of the computation of the expense of doing the local business in the state of North Dakota the expense of advertising and general agencies has not been considered at all nor taken into account."

But it is an item in the cost of conducting transportation which Mr. Clough thinks (page 93 of his testimony) should be increased two or three times.

Outside agencies, \$187,420.50, .0432 per cent of the whole cost of conducting transportation is another important item: \$38,048.62 is North Dakota's share. If the cost of conducting transportation on local business, according to various definitions of local business, is to be doubled, this would amount to \$76,097.24. Or suppose we allow that only two-thirds of the traffic of North Dakota is local—then under the doubling process \$25,365.74 would fall to North Dakota's share. Or if only about 10 per cent of the business of the state is local, according to the figures of Mr. Clough and of the complaint, which give \$352,649.68 as the total local business of the

state, then we should get off with only \$3,804.86 added to the cost of outside agencies of purely local business.

Other items omitted from Mr. Clough's estimate but included in his sum of \$879,302.87 are:

Commissions, \$22,395.35, .00517 per cent of the whole, \$4,546.43 share of North Dakota.

Stock yards and elevators, \$4,609, .0009106 per cent of the whole, \$9.36 for North Dakota's share.

Rents for tracks, yards and terminals, \$235,277.96, .05432 per cent of the whole, \$47,764.25 for North Dakota's share. This to be doubled. How on earth could a purely local business increase this cost?

Testimony of W. P. Clough (page 178):

Q. Strictly speaking, you have no terminals within the state?

A. We have no terminals in the large sense of terminals; we have important points at Fargo and Grand Forks.

Q. But without any expenditure of money than is necessary to accommodate the general and interstate business?

A. No.

Rents of buildings, \$6,887.68, .00159 per cent, \$1,398.29 for North Dakota.

Stationery and printing, \$26,759.64, .00617 per cent, \$5,432.53 for North Dakota.

All these items, omitted in Vice-President Clough's statement of what constitutes conducting transportation, but included in the amount of \$879,302.87, amount to \$725,806.76, being over 16 per cent of the total amount.

There are some items which Vice-President Clough does include in his items of cost of transportation which the doubling of on account of the entire expense incident to local business, would be manifestly absurd.

Telegraph service, \$154,517.07, or .0336 per cent of the whole of which \$31,368.90 is attributed to North Dakota business. No reason is given for doubling this expense.

Station service, \$317,048.14, .0791 per cent of the whole, \$64,364.58 for North Dakota. Here is Mr. Clough's testimony with reference to the extra cost of station service on account of local business.

Testimony W. P. Clough, page 163:

Q. It (the force) is never increased for the purpose of billing these small articles that are shipped locally in the state of North Dakota?

A. Probably that is correct that no additional help has been actually employed in any station in North Dakota merely on ac-

count of the amount of local, strictly local, business in that state up to date.

* * * * *

Q. But no increase in the monthly wages would be made or is made in the state of North Dakota at any of your stations on account of the doing of the local business? A. No, it can't be said that any is.

"Actually"—they are fond of that work, as there is no actual addition to the expenses of the company why should the cost of station service be doubled?

The same is true of station supplies, \$34,290.78.

Then there are the large items, loss and damage, \$122,722.96, .02833 per cent of the whole; injuries to persons, \$142,084.65, .03280 per cent of the whole, that have not been shown to be increased by reason of local business.

What does Vice-President Clough show would "actually" be the reasons for doubling the cost of conducting transportation because of local traffic? His instructive account is given at page 20 of his testimony.

"The cost maintaining the road and structures is practically the same whether the trains go with half loads or full loads."

But what has that to do with the cost of conducting transportation?

"The cost of carrying a ton of freight is precisely like the cost of raising a bushel of wheat."

There are many items that are less when the crop is small than when it is large. The threshing bill is less, the cost of harvesting is generally less, the cost of handling to market is much less. There are many items of cost of doing business, in every line of business, that are reduced when the business is light. Some of the costs remain the same, it is true, but many of them are cut off altogether. It is the cost of doing business that is to be increased because of small business. The figures to be paid for conducting transportation are thus fixed, according to Mr. Clough—and if the business does not come the cost per unit for what does come is consequently higher. This is not true. It might be true of some other costs or expenses, but it is not true of operating expenses as a whole. For instance, take almost any item in conducting transportation. Look over this table and apply common sense rules to it. The interstate and through traffic goes on through this thinly populated, this sparsely settled state of North Dakota; if the local traffic is light it is picked up by these trains which are doing the other classes of business at a very small additional cost. There are no trains shown to be operated by this complainant for purely local business. Their

trains are gathering interstate and through business, they are bringing in business from other states. The local business is incidental—and, as has been shown, highly profitable. Those trains would not be run and are not run for purely local business. No place in the testimony of this complainant can it be shown that trains are run solely for the accommodation of this local traffic.

Vice-President Clough testified, page 73:

Q. And that traffic (on local trains so-called) would consist of local and interstate traffic blended?

A. Necessarily; yes.

* * * * *

Page 74:

Q. So that aside from the actual through train loads that may pass across the state of North Dakota upon the system, it becomes necessary for almost every freight train to stop at almost every station it passes in order to discharge freight?

A. That is true of general freight trains carrying general freight. There might possibly be a stock train or there might be a train carrying tea or some other special commodity going straight across."

So that thoroughly blended, all sorts of traffic, interstate and local, are carred on the same trains and there is no evidence in this case to show that a single train is ever run for any other purpose than to do all the business along the road.

There is no explanation anywhere of the reasons for doubling these items, beyond mere assertion. Yet it must be borne in mind that in all the illustrations which the defendant makes in this argument the cost of conducting transportation has been doubled to meet this absurd theory of complainants and to show that within even that grossly unfair percentage against it that local traffic is profitable from any reasonable point of view.

GREAT NORTHERN FINANCES.

The Northern Pacific revenue account has been pretty fully discussed. The Great Northern may be treated briefly. Their report for 1897 (railroad commissioners, North Dakota, 1897, page 417) shows their income above operating expenses to be \$8,340,202.13. The mileage, according to the complaint filed in this action, is 3,770.10 miles. This would make an income of \$2,212.19 per mile, which is 4 per cent on \$55,305 per mile. Taxes are not deducted. They are reported at \$502,205.55 for the system, or \$133.20 per mile, being 4 per cent on \$3,330 per mile.

Of course the income cannot be figured on these "immaterial" state lines which Colonel Clough so eloquently describes, but as it

has been shown that the profit on "purely local" business is sufficient if it is kept up on other classes of traffic to even greatly exceed this sum, it is not believed, and has not been proved, that the loss of the trifling sum proposed to be deducted from a business which Mr. Clough says (page 12 of his testimony) is "almost nothing at all" will in any manner tend to confiscate this property.

The witnesses for the complainant have enlarged at length upon the difficulty of determining anything upon state lines—and they have done more—they have refused to give testimony, except as it suited themselves whereby those divisions could be ascertained. And in so doing they have utterly failed in establishing their case.

It has been seen that less than 2 per cent of the total freight business in the state and one-third of the passenger business produce a net income to this company per annum in excess of \$200,000 per annum. (Table No. 4 in this argument at page. . . .). At this rate the income of the company from North Dakota business alone would be taking the year 1897 as an example \$330,336.30 on passenger business and \$1,241,658.30 on freight business, making a total of \$1,571,994.60—making over 4 per cent on \$35,000 per mile. The actual figures if they could be obtained, would be largely in excess of this which at all points give the complainant the benefit of the doubt.

NORTHERN PACIFIC.

Comparison of Grain Rates with Commissioners' Rates.

The argument in the Great Northern case, showing comparisons between old and new grain rates and the rates named by the Commissioners of Railroads of North Dakota, applies with equal force to the case of the Northern Pacific Railroad Company, which has also put in a new grain tariff from North Dakota stations to St. Paul and common points. Ninety-eight stations capable of comparison are compared in a table presented herewith.

The new grain rates are given as shown in Northern Pacific tariff No. 2820—in effect July 25, 1898, and marked Ex.

The distances from St. Paul are given as shown in Northern Pacific tariff No. 1610—in effect June 30, 1891, marked defendants' Exhibit No. 3.

The old grain rates are given as shown in Northern Pacific tariff No. 2196—in effect March 14, 1893, marked defendants' Exhibit No. 3.

The commissioners' rates are given as shown in defendants' Exhibit No. 1.

Further comparisons than those given cannot be made for the

reason that the commissioners' rates cover distances only to 400 miles.

Of these ninety-eight stations the rates in grain made by the Northern Pacific Railroad Company are deductions from the commissioners' rates at eighty-seven stations and at eleven stations the rate remains unchanged.

At seventy-two stations out of the ninety-eight the present rates of the Northern Pacific are less than the commissioners' rates. At twenty-three stations the Northern Pacific has made rates exactly like the rates made by the commissioners and at only three stations are the rates higher than the commissioners rates for the same distance.

The new grain rates of the Northern Pacific go a long ways to strengthen the position of the defendants in this case, that the rate made by the Commissioners of Railroads are fair and remunerative.

The grain rate is a fair index of the rates generally, and the evidence shows—as compared in the tables of the comparison of grain rates with the commissioners' rates—that the railway company has been willing to adopt the commissioners' basis as to those rates. A large proportion of the stations being on a lower basis.

The stations where the rates have been reduced to a point below the commissioners' basis are as follows:

(IN CENTS PER ONE HUNDRED POUNDS.)

Station	Old Rate	New Rate	Reduction
Wahpeton.....	14	13	.01
Farmington.....	14	13	.01
Fairview.....	14	13	.01
Adams.....	14	13	.01
Woodruff	14	13	.01
Great Bend.....	14	13	.01
Boyne.....	14	13 $\frac{1}{4}$	.00 $\frac{1}{2}$

Station	Old Rate	New Rate	Reduction
Downing.....	15	13	.02
Mooneton	15	13	.02
Barney	15	14	.01
Grand Forks.....	17	14½	.02½
Kelleys	17½	15	.02½
Meckinock.....	18	15	.03
Beans.....	18	15	.03
Gilby	18	15	.03
Johnstown.....	18	15	.03
Forest River.....	18	15	.03
Voss.....	18	15	.03
Grafton.....	18	15	.03
Cashel	18	15	.03
Elora	18	15½	.02½
Drayton.....	18	15½	.02½
Pittsburg.....	18	15½	.02½
Bowesmont.....	18	16	.02
Joliette	18	16	.02

Station	Old Rate	New Rate	Reduction
Leonard	16	15	.01
Buttzville.....	16	15½	.00½
Lisbon.....	16	15½	.00½
Dickey	17	16	.01
Adrian.....	18	16	.02
Montpelier.....	19	16	.03
Ypsilanti	19	16	.03
Oriska.....	17½	15½	.02
Alta	17½	15½	.02
Valley City.....	17½	15½	.02
Berea.....	18	15½	.02½
Hobart.....	18	15½	.02½
Sanborn	18	15½	.02½
Rogers.....	18	15½	.02½
Dazey.....	18½	15½	.03
Hannaford	18½	15½	.03
Cooperstown.....	18½	15½	.03
Eckleson.....	18½	15½	.03

Station	Old Rate	New Rate	Reduction
Urbana.....	18½	15½	.03
Spiritwood.....	19	15½	.03½
Bloom	19	16	.03
Jamestown.....	19	16	.03
Parkhurst.....	19	16	.03
Buchanan.....	19	16	.03
Pingree.....	19	16	.03
Edmunds	19	16	.03
Melville.....	19	16½	.02½
Carrington.....	19	16½	.02½
Barlow.....	19½	16½	.03
New Rockford.....	20	16½	.03½
Ross.....	19½	16½	.03
Sykeston	20	16½	.03¼
Eldridge.....	20	16	.04
Windsor	21	16	.05
Cleveland.....	21	16½	.04½
Medina	21	16½	.04½

Station	Old Rate	New Rate	Reduction
Crystal Springs.....	21	17	.04
Tappen.....	22	17	.05
Dawson.....	22	17	.05
Steele.....	22	17½	.04½

At other stations the rates are below the commissioners' rates but were not reduced, the old rate and the new rate being the same to-wit:

Station	Northern Pacific Rate Old and New	Com'rs' Rate for Same Distance
Verona.....	16	16½
Oakes Junction.....	16	16½
Glover.....	16	17
Oakes.....	16	17½
LaMoure.....	16	17
Grand Rapids.....	16	17½
Berlin.....	17	17½

At the following stations the rates are precisely as the commissioner's rates for the same distances, the table showing the old Northern Pacific rate, the new rate and the commissioners' rate for the same distance:

Station	Old Rate N. P.	New Rate N. P.	Com. Rate Same Stat'n
Wyndmere.....	15	14½	14½
Cottens.....	15½	14½	14½
Horace.....	15½	14½	14½
Warren.....	16	15	15
Davenport.....	16	15	15
Woods.....	16	15	15
Leonard.....	16	15	15
Coburn.....	16	15½	15½
Sheldon.....	16	15½	15½
Elliott.....	16	16	16
Englevale.....	16	16	16
Edgeley.....	17½	17½	17½
Haggart.....	16½	14½	14½
Canfield.....	16½	14½	14½
Mapleton.....	16½	14½	14½
Greene.....	16½	15	15
Dalrymple.....	17	15	15

Station	Old Rate N. P.	New Rate N. P.	Com. Rate Same Stat'n
Casselton	17	15	15
Sidney	17	15	15
Wheatland	17	15	15
Magnolia	17	15	15
Buffalo	17	15½	15½
Tower City	17½	15½	15½

Thus it is seen that the Northern Pacific, when remodeling its grain rate, to construct it upon a more equitable basis, adopts the rates made by the commissioners for the same distances except at the stations of Fargo, LaMoure and Milnor. At every point where they do not make a lower rate (in many cases a much lower rate) than the rate named by the commissioners. And as this is a grain rate, covering the largest percentage of their business of all the four classes—in or out of North Dakota—it is not reasonable to suppose that they have voluntarily made a rate which would confiscate the property of the company.

For if as sworn in the complaints, the reduction to the commissioners' basis on the small part of the business of the company represented by what they call "local business," and comprising that class of business shipped from points within the state to other point within the state would confiscate their property, much more would bankruptcy be imminent by a reduction of the rates on the vast business represented by the grain earnings.

Testimony of H. A. Gray, page 42:

"The total tons of freight, local and interstate, handled in the state of North Dakota for the six months from July to December, 1896, it shows that the total local tonnage, having two terminal charges, one forwarding and one receiving, in the state was 33,533 tons, or 4 2-10 per cent of the total tonnage handled during the period."

So that, from the very acts of the Northern Pacific Company, as shown by the reduction of the grain rates, and shown in detail by

this tabulation of the evidence, this contention of theirs must be set aside and their complaint dismissed.

There is nothing to the case beyond that contention. The question of the right of the legislature to fix the rates is no longer an open one.

In *Livingston vs. Sanford*, 164 U. S. 578, the Court said:

"The public cannot properly be subjected to unreasonable rates in order simply that stockholders may earn dividends."

And this company, by its act in reducing its grain rate to a point less than the commissioners' rate has to that extent confessed that its rates, on grain at least, were at the commencement of this action, unreasonable and that the basis upon which the commissioners have fixed their rates is higher than a reasonable rate—as applied to grain—and as fixed by themselves.

And what is true of the Northern Pacific Company is also true, as has been shown, of the Great Northern Company.

In fact, these companies, as far as rates are concerned, are in the same boat. Where combination is possible competition is impossible.

Comparison of grain rates of the Northern Pacific with Commissioners' rates, showing reduction made since the commencement of this action (carloads in cents per 100 lbs.):

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com's Same Distance
237	Wahpeton	14	13	14
.....	Stevenson .....	.....	13	
244	Farmington	14	13	14
247	Fairview Junction	14	13	14
250	Adams	14	13	14
252	Woodruff	14	13	14
256	Great Bend	14	13	14½
263	Bayne	14	13½	14½
248	Downing	15	13	14
250	Mooreton	15	13	14

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com'rs Same Distance
256	Barney	15	14	14½
263	Wyndmere.....	15	14½	14½
272	DeLamere.....	16	15½	15
279	Milnor.....	16	15½	15
320	Grand Forks.....	17	14½	16
.....	Bolack.....	.....	14½	
330	Kelleys.....	17½	15	16½
337	Meckinock.....	18	15	17
342	Beans.....	18	15	17
346	Gilby	18	15	17½
350	Johnstown	18	15	17½
355	Forest River.....	18	15	17½
360	Voss.....	18	15	17½
.....	Kellogg.....	18	15	
369	Grafton.....	18	15	17½
377	Cashel	18	15	18
380	Elora	18	15½	18
385	Drayton	18	15½	18
389	Pittsburg	18	15½	18
394	Bowesmont.....	18	16	18
404	Joliette.....	18	16	19
.....	McArthur.....	18	16	
414	Pembina.....	18	16	

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com'rs Same Distance
416	Boundary Line.....	18	16	
251	Fargo.....	15½	14½	14
255	Cottens	15½	14½	14½
261	Horace.....	15½	14½	14½
267	Warren	16	15	15
270	Davenport	16	15	15
276	Woods	16	15	15
279	Leonard	16	15	15
285	Coburn	16	15½	15½
292	Sheldon	16	15½	15½
301	Butzville.	16	15½	16
307	Lisbon	16	15½	16
314	Elliott.....	16	16	16
319	Englevale.....	16	16	16
327	Verona.....	16	16	16½
333	Oakes Junction.....	16	16	16½
341	Glover.....	16	16	17
348	Oakes	16	16	17½
339	LaMoure	16	16	17
346	Grand Rapids.....	16	16	17½
356	Dickey.....	17	16	17½
361	Adrian	18	16	17½
368	Montpelier.....	19	16	17½

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com's Same Distance
375	Ysantilanti	19	16	18
349	Berlin	17	17	17½
355	Medberry.....	17	17	17½
380	Edgeley	17½	17½	17½
255	Haggart	16½	14½	14½
259	Canfield.....	16½	14½	14½
263	Mapleton	16½	14½	14½
266	Greene	16½	15	15
269	Dalrymple	17	15	15
271	Casselton.....	17	15	15
274	Sidney	17	15	15
278	Wheatland.....	17	15	15
282	Magnolia	17	15	15
287	Buffalo	17	15½	15½
293	Tower City.....	17½	15½	15½
298	Oriska	17½	15½	16
303	Alta	17½	15½	16
309	Valley City.....	17½	15½	16
314	Berea.....	18	15½	16
317	Hobart	18	15½	16
320	Sanborn.....	18	15½	16
329	Rogers.....	18	15½	16½

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com'r's Same Distance
338	Dazey.....	18½	15½	17
348	Hannaford.....	18½	15½	17½
356	Cooperstown.....	18½	15½	17½
324	Eckelson.....	18½	15½	16
329	Urbana.....	18½	15½	16½
333	Spiritwood.....	19	15½	16½
338	Bloom.....	19	16	17
344	Jamestown.....	19	16	17
350	Parkhurst.....	19	16	17½
357	Buchanan.....	19	16	17½
365	Pingree.....	19	16	17½
371	Edmunds.....	19	16	17½
378	Melville.....	19	16½	18
387	Carrington.....	19	16½	18
.....	Guptill (new station).....	.....	16½	
394	Barlow.....	19½	16½	18
403	New Rockford.....	20	16½	18
414	Sheyenne.....	21	17	
423	Oberon.....	21	17	
427	Lallie.....	21	17	
434	Minnewaukan.....	21	17	
442	Brinsmade.....	21	17	

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Com'r's Same Distance
452	Leeds.....	22	17	
394	Ross.....	19½	16½	18
400	Sykeston.....	20	16½	19
351	Eldridge.....	20	16	17½
380	Windsor.....	21	16	17½
364	Cleveland.....	21	16½	17½
373	Medina.....	21	16½	17½
381	Crystal Springs.....	21	17	18
389	Tappen.....	22	17	18
394	Dawson.....	22	17	18
402	Steele.....	22	17½	19
409	Geneva.....	22	17½	
413	Driscoll.....	23	18	
421	Sterling.....	23	18	
427	McKenzie.....	23	18	
432	Burleigh.....	24	18	
439	Apple Creek.....	24	18	
445	Bismarck.....	24	18	
450	Mandan.....	27	21	
453	Sunny Side.....	27	21½	
459	Marmot.....	27	22	
466	Sweet Brier.....	27	22	

From St. Pl. Miles	Between St. Paul, Minn. Transfer, Minneapolis and	Old Rate N. P.	New Rate N. P.	Comr's Same Distance
472	Judson	27	22½	
472	Sedalia	27	2	
478	New Salem	27	23	
482	Blue Grass	27	23½	
486	Sims	27	23½	
491	Almont	27	24	
496	Curlew	27	24	
503	Kurtz	27	24½	
508	Glenullen	27	25	
513	Eagles Nest	27	25	
520	Hebron	27	25½	
522	Knife River	27	25½	
530	Antelope	27	26	
235	Richardton	27	26	
541	Taylor	27	26	
549	Gladstone	27	26½	
555	Lehigh	27	26½	
560	Dickinson	27	27	
564	Eland	27	24	
571	South Heart	27	27	
580	Belfield	27	27	

New Rates—Northern Pacific tariff No. 2820, in effect July 25, 1898. Defendants' Ex. No.

Distances—Northern Pacific tariff No. 1610, in effect June 30, 1891. Defendants' Ex. No. 3.

Old Rates—Northern Pacific tariff No. 2196, in effect March 14, 1893. Defendants' Ex. No. 3.

Commissioners' tariff rates—Defendants' Ex. No. 1.

JOHN F. COWAN,
Attorney General,
Counsel for Defendants.

THE DECISION.

In the Circuit Court of the United States, District of North Dakota.
Northern Pacific Railway Company vs. George H. Keyes et al.
Great Northern Railway Company vs. George H. Keyes et al.
Chicago, Milwaukee & St. Paul Railway Company vs. George H. Keyes et al.

C. W. Bunn, agent for Northern Pacific Railway Company,
M. D. Grover for Great Northern Railway Company, and George R. Peck and Ball, Watson & Maclay for Chicago, Milwaukee & St. Paul Railway Company.

John F. Cowan, attorney general for defendant.

Before Thayer, circuit judge, and Amidon, district judge.

Amidon, district judge:

Chapter 115 of the laws of North Dakota, for the year 1897, empowers the board of railroad commissioners of that state to fix a schedule of maximum rates for the transportation of persons and property within its limits by common carriers, and makes it a crime punishable by fine of not less than one thousand dollars nor more than ten thousand dollars for any carrier to charge more than the rate thus prescribed. The statute requires the board to serve the schedule of rates prepared by them upon the common carriers to be affected thereby, and to publish notice in a newspaper in each judicial district of the state, fixing the time when such rates will take effect. Acting under the statute, the commissioners prepared and served upon the railroad companies doing business in the state a schedule of rates, and commenced the publication of a notice fixing July 1, 1897, as the date upon which the same should take effect. Thereupon the plaintiffs, the Northern Pacific Railway Company, Great Northern Railway Company and Chicago, Milwaukee & St. Paul Railway Company filed their several bills in this court against the board of railroad commissioners, its secretary and the publishers of the newspapers in which the notice was printed, alleging that the rates prescribed were unreasonable and such as to afford no return for the use of the property employed by the plaintiffs in carrying on their business in the state, and praying that the further publication of the notice be restrained and that the board be enjoined from putting the rate in force.

After a hearing, a temporary injunction was issued, restraining the defendants from putting the rates into effect during the pendency of the suits. Voluminous testimony has been taken and the cases are now submitted upon their merits.

At the threshold of this inquiry, it is important to define its limits. Much of the argument of counsel on behalf of defendants is devoted to an attempt to show that, under existing rates, the plaintiffs are earning from their entire business, both interstate and local, a high rate of income upon a grossly excessive capitalization of their property. Conceding this to be true, it would be wholly immaterial unless it further appears that the income derived from business done wholly within the state—that is, commencing and ending in the state—is such as to produce an unreasonable return upon the fair value of the property employed in doing that business. Excessive income derived from interstate traffic can be reduced by congress alone, which has exclusive jurisdiction of commerce among the states. Excessive income derived from business done in other states can only be reduced by those states. In prescribing rates, the state of North Dakota is limited to that business which is done wholly within its boundaries, and in determining the reasonableness of such rates, the court cannot take into consideration the carriers' whole business, both interstate and domestic. That question was put to rest by the supreme court in its decision in the case of *Smyth vs. Ames*, 169 U. S. 466, commonly known as the *Nebraska Rate Case*. The court says at page 540: "It is further said, in behalf of the appellants, that the reasonableness of the rates established by the Nebraska statute is not to be determined by the inquiry whether such rates would leave a reasonable net profit from the local business affected thereby, but that the court should take into consideration, among other things, the whole business of the company, that is, all its business, passenger and freight, interstate and domestic. If it be found upon investigation that the profits derived by a railroad company from its interstate business alone are sufficient to cover operating expenses on its entire line, and also to meet interest, and justify a liberal dividend upon its stock, may the legislature prescribe rates for domestic business that would bring no reward and be less than the services rendered are reasonably worth? Or, must the rates for such transportation as begins and ends in the state be established with reference solely to the amount of business done by the carrier wholly within such state, to the cost of doing such local business, and to the fair value of the property used in conducting it without taking into consideration the amount and cost of its interstate business, and the value of the property employed in it?"

In our judgment, it must be held that the reasonableness or unreasonableness of the rates prescribed by a state for the transportation of persons and property wholly within its limits must be determined without reference to the interstate business done by the carrier, or the profits derived from it. The state cannot justify unreasonably low rates for domestic transportation, considered alone, upon the ground that the carrier is earning large profits on its interstate business, over which, so far as rates are concerned, the state has no control. Nor can the carrier justify unreasonably high rates upon domestic business upon the ground that it will be able only in that way to meet losses on its interstate business. It is only rates for the transportation of persons and property between points within the state that the state can prescribe; and when it undertakes to prescribe rates not to be exceeded by the carrier, it must do so with reference exclusively to what is just and reasonable as between the carrier and the public, in respect of domestic business."

This is the most important feature of the decision in that important case. The other questions discussed in the opinion had all been passed upon by former decisions of the court; but this clear and complete separation between the local and interstate traffic of a carrier conducting both kinds of commerce, though following as a necessary conclusion from the commerce clause of the Federal Constitution, had not before been expressly declared. It is manifestly a doctrine which is destined to have, in the sparsely settled sections of the west, where local traffic is trifling in comparison with interstate, a far-reaching effect upon the power of the states to regulate the business of common carriers.

No state better illustrates the truth of this assertion than North Dakota. The terminals of much the greater portion of its commerce are the cities of St. Paul, Minneapolis and Duluth, in the state of Minnesota. To those points nearly all the grain, live stock and other products of the state are shipped, and from them most of its merchandise, coal, lumber and other supplies are received. For this reason the main volume of transportation for which the people of North Dakota pay is interstate in character and beyond the state's control. The effect of this condition is strikingly exhibited by the following table of traffic on the Great Northern road for the four years commencing with 1894. Column 1 shows the number of ton miles of strictly local traffic, column 2 the number of ton miles having only one terminal in the state, column 3 the number of ton miles of traffic in the state which passed entirely across the state, column 4 combines the last two and shows the total ton miles of interstate commerce.

Year	Ton Miles Local to the State	Ton Miles Originating or Terminating in the State	Ton Miles Entirely Across the State	Total Interstate
1894.....	3,170,863	106,976,389	63,989,336	200,965,725
1895.....	2,786,999	113,242,867	137,902,298	251,135,165
1896.....	3,456,421	147,538,631	136,077,421	283,616,052
1897.....	3,968,027	122,156,468	144,416,544	266,574,012
Average.....	3,348,578	122,476,339	128,096,400	250,572,738

Changing these figures to percentages, it will be seen that the local traffic averages less than 23-4 per cent of that which either begins in the state and passes to points outside of it, or begins outside of the state and passes to points within it, and is less than 11-3 per cent of the total interstate traffic moved in the state. The same condition is shown as to the Northern Pacific road. Its average of local ton miles for the four years mentioned was 5,115,826, or only 23-5 per cent of the interstate traffic in the state, which was 198,449,763. From these statistics it appears, therefore, that all of the traffic carried in North Dakota during the four years mentioned, less than three per cent began and ended in the state so as to subject it to state regulation while more than ninety-seven per cent was interstate and thereby subject to the exclusive control of congress. In Minnesota, on the other hand, for the reason that it has its terminals within its own limits, the average of ton miles of local traffic for the same period was 170,285,609, or 46-23 per cent of the total interstate traffic, which was 384,093,273.

The passenger business does not present so wide a contrast, but would seem to be sufficiently marked to justify a difference in rate in the two states, the rate at present being four cents a mile in North Dakota and three cents a mile in Minnesota. During each of the four years mentioned, the average number of passengers carried one mile on the Northern Pacific road in North Dakota was 5,548,981, in Minnesota 13,436,952; on the Great Northern road the same average for North Dakota was 7,301,211 and for Minnesota 27,384,769. It will thus be seen that the volume of passenger business in the latter state is more than three times as great as in the former.

The nature of the local traffic in North Dakota has as important bearing upon the questions under consideration as the smallness of its volume. The witnesses for the commission, as well as those for the railroads, agree that the principal subject of local commerce is merchandise in less than car load lots. The Great Northern made a compilation of its local business from the way bills for six alternate months of the year 1896. From this it appears that

more than 60 per cent of the entire tonnage consisted of merchandise of less than car load lots, and that from the carriage of this merchandise more than 80 per cent of all the company's local freight revenue in the state was derived. The remaining 40 per cent of local tonnage was made up chiefly of seed grain and lumber also for the most part carried in small shipments. From two-thirds to three-fourths of the entire local freight of the state emanates from Grand Forks and Fargo, and consists of groceries, hardware, fruit and farm machinery, which is distributed from these points to the local stations in quantities seldom attaining the proportions of a car load, and is carried, as will be pointed out later, under a special terminal tariff which is but little higher than the terminal tariff out of St. Paul and Minneapolis.

Length of haul is another element of prime importance in determining rates for transportation. It is clearly established by the evidence that the local commerce of North Dakota moves on an average of from 80 to 90 miles while the average of the general business of the roads in this respect is from 350 to 500 miles.

The testimony leaves no room for doubt that the strictly local traffic of North Dakota consists mostly of merchandise and is light in volume, short in haul, and small in individual shipments. These are all elements which add materially to the cost of transportation and justify rates above the average of those for the entire business of the carrier.

Appreciating the force of these facts in respect to the volume and character of traffic in North Dakota, the defense put forth the claim that such interstate traffic as originates or terminates in the state should be divided upon the mileage basis and such portion thereof as is done within the state held to be subject to state control and taken into consideration in determining the reasonableness of the rates fixed by the commission. This, however, cannot be done. Commerce which begins in one state and passes into another is not less interstate commerce than that which passes entirely across states.

If the different states could regulate that portion of interstate commerce which is moved within their respective limits, there would be left no commerce whatever subject to congressional control. This matter has been repeatedly before the Supreme Court of the United States, and that court has uniformly held, from its decision in *Wabash, St. Louis & Pacific R. R. Co. vs. Illinois*, 118 U. S. 557, to the recent decision in *Smyth vs. Ames*, that the state cannot fix rates for, or regulate in any manner, that portion of interstate commerce which moves within their territorial limits. Such

traffic throughout its entire course is subject to the exclusive jurisdiction of congress.

In order to point out the difference between the present rates of the railroad and those fixed by the commission, it will be necessary to describe briefly the several tariffs under which the business of the plaintiffs is now conducted. Nearly all traffic between subordinate stations is at present moved under the general distance tariff of the roads, in which the rate is based solely on the number of miles the freight is carried. This tariff is the same in North Dakota as in Minnesota and is much lower in those states than in Montana and the states further west. The distance tariff, however, does not control the principal volume of traffic. That is conducted under what are designated as terminal tariffs, which apply to all shipments into and out of St. Paul, Minneapolis, Minnesota Junction, Duluth and West Superior. The rates thereby fixed are lower than those in the distance tariff on account of the volume of business that is moved to and from the points mentioned. Of these terminal tariffs the most important are three in number. One applies to shipments of live stock in car load lots; another to shipments of grain, flax seed, flour and mill stuffs, millet seed and potatoes in carload lots; and the third to merchandise. Of the traffic moved under these terminal tariffs nearly all is in car load lots and much the greater portion in solid train loads. The railroads also have a special merchandise tariff on business out of Fargo and Grand Forks, which is substantially the same as the terminal merchandise out of St. Paul, Minneapolis and Duluth. The schedule of rates fixed by the commission is likewise a distance tariff. It prescribes rates for all distances between one mile and four hundred and takes no account of the volume of business, but applies the same rule to the smallest way stations as to terminal points. How does this schedule of the commission compare with the tariffs of the plaintiffs to which we have referred? It is not only lower than the distance tariff in force in Minnesota, a state having more than six times the population of North Dakota, but is likewise lower than any of the terminal tariffs mentioned, with the exception of that on grain, millstuffs, etc., and as to that is but slightly higher.

While none of the matters to which we have thus far adverted are decisive of these cases, they do tend to throw a strong indirect light upon the primary question under consideration. It is a self evident proposition that these railroads cannot maintain lower rates for local business in North Dakota than in Minnesota; much less can they maintain for the strictly domestic commerce of that state, which moves in light volume, for short distances and in

small shipments, lower rates than are charged for interstate traffic which has more than 50 times its volume, is moved more than four times its distance, and is hauled chiefly by car loads and train loads. The result is that one of two propositions must be true. Either the rates fixed by the commission are unreasonably low or the interstate rates charged by the plaintiffs are grossly excessive; for if local rates ought to be placed below existing interstate rates, then the latter rates, owing to the volume of and character of the traffic ought in justice to be correspondingly reduced.

The fundamental question in all cases like this is, will the rates prescribed by the state pay the expense of doing the local business and leave to the carrier a reasonable compensation upon the fair value of the property which it employs in performing the service. Certain of the factors necessary to a determination of this question are capable of definite knowledge; others must forever rest largely upon opinion. The income derived by the carrier from the business which it conducts within the state can be ascertained accurately from the records of the company, but the expense of doing that business is not susceptible of mathematical ascertainment. Many of its items apply equally to local and interstate business. The different kinds of traffic are often carried in the same train and not infrequently in the same car. It is absolutely impossible to divide the cost of traffic thus moved and say that this amount should be attributed to local business and that amount to interstate. It is possible, however, to ascertain the relation of the cost of the entire business of a railroad to its gross income. These amounts are shown by the books of the company in dollars and cents, and furnish the basis from which all investigation as to the cost of doing local business must start.

The operating expenses of a railroad consist of two principal items: (1) cost of maintenance of plant; (2) cost of conducting transportation. The former item is constant and can justly be divided between the different kinds of traffic in proportion to their volume. As to the second item, however, such a division cannot properly be made, for it is agreed by all who have had occasion to consider the subject, railroad commissioners as well as railroad officials, that the cost of conducting transportation is, relative to income, much higher for local business than for the general business of a road. The causes of this added cost are chiefly three: (1) the shortness of the haul; (2) the lightness of the train loads; (3) expense of billing and handling the traffic. The evidence shows that the average haul on local business is between 80 and 90 miles, while the average haul of the entire business of the roads is from 350 to 500 miles. There is no principle of railroading that is bet-

ter established than that the cost of doing business unless rapidly decreases as the length of haul increases; that is, if you double the distance you do not double the cost. This is recognized by the defendants the same as by the complainants. For example: the rate fixed by the commission on grain per 100 pounds for 100 miles is 9 cents, while for 380 miles it is 18 cents. Thus while the length of haul is increased nearly four times the rate has only doubled. Another element of added cost is the lightness of the load. The evidence clearly shows two things:

First, that the train in which the local business is done does not average more than one-half as many cars as that in which the general traffic of the roads is carried. Second, that the cars carrying local traffic are only loaded at from one-tenth to one-half of their capacity. Many of the items of expense in conducting traffic are constant, whether the train is large or small, whether the cars are fully or lightly loaded. The carrier furnishes the power, the vehicle, and the trainmen to do the business. If a train which is capable of hauling one thousand tons gets only one hundred tons to haul, the relative cost of moving the traffic to the revenue which it produces is increased nearly ten fold. This matter was aptly illustrated by one of the witnesses, who compared it to the raising of wheat. The expense of raising an acre of wheat is substantially the same whether the yield be 10 or 30 bushels, but the cost per bushel in the one case is approximately three times as great as in the other. The third item mentioned is the extra expense of billing and handling local traffic. It costs as much to bill and pass through the records of the company a box of merchandise paying a freight charge of 50 cents as it does to perform the same service for a carload of wheat paying a revenue of \$75. Furthermore the great volume of traffic is loaded by the shipper and unloaded by the consignee, while local freight has to be stored, loaded and unloaded by the carrier. There are many other minor items of extra expense which were mentioned by the witnesses on behalf of plaintiffs to which we do not deem it necessary to advert. Counsel for defendants makes some point of the fact that the same trains do local business also collect and distribute interstate freight. That, however, is not important. The amount of interstate traffic that is of this parcel character is but trifling when compared with the entire volume whereas nearly all the freight in North Dakota is of that kind. All traffic which moves in small shipments for short distances is burdened with heavy expense in proportion to its income; but if in any class of business the amount of such traffic is small in comparison with the entire volume, as it is in the case of interstate traffic. Its effect upon the proportion of cost to reve-

nue for the entire class is slight, whereas, if the traffic is mainly of that character, as in the case of local business in North Dakota, its effect becomes controlling.

Many witnesses were called by the plaintiffs to testify in respect to the relation of cost to revenue in the case of local business as compared with the entire business of the companies. By none of them is the expense of conducting transportation placed at less than twice as much in the former case as in the latter. Mr. Earling, the general manager of the Milwaukee road, a person of great experience and apparent candor, stated that the cost of conducting local business on the entire system of that road was at least twice as great as for through business, and that in sparsely settled communities like North Dakota, where traffic is light, such cost was four or five times as great in the one case as in the other. This was also the testimony of Mr. Fink in the Nebraska case, a witness whom both the circuit and supreme court mention as possessing peculiar qualifications for giving a trustworthy opinion upon such matters. The evidence on this subject is wholly uncontradicted. It is given by men whose many years of experience entitles their opinion to credit. The facts which they set forth as the foundation of their estimates impart to them a high degree of inherent probability. It is true that these witnesses are all identified with the business of common carriers, but the subject is confessedly one for expert testimony and it is not easy to see how persons can be qualified to testify as experts except by experience in the business of which they speak. We are satisfied that the evidence of the plaintiffs on this subject is in the main both correct and trustworthy, and from it we are led to the conclusion that the cost of conducting transportation in North Dakota is in proportion to revenue at least twice as great for local business as for the entire business of the plaintiffs.

Accepting this as an established fact, the decision of these cases becomes plain. The evidence shows that the general operating expenses and taxes for the four years 1894, 1895, 1896 and 1897, on the Great Northern road varied from 60.82 per cent to 55.09 per cent of its entire receipts, and on the Northern Pacific road were from 74.19 per cent to 63.44 per cent. For the same period it is also shown that on the former road the expense of conducting transportation was on an average 30.25 per cent of its gross income, and on the latter 31.41 per cent. The amount of reduction in revenue that would be caused by the schedule of rates fixed by the commission is at least 13 per cent. The testimony adduced by complainants tends to show that it is considerably more than that. But the computation of Mr. Phelan, the secretary of the board, fixed

the reduction at this percentage and we shall adopt his estimate for the purpose of this opinion. If this percentage of reduction had been applied to the local business of the Great Northern and Northern Pacific roads for the four years mentioned, such business would have been done at an actual loss and nothing whatever would have been left as a return upon the value of the property conducting it. This is shown by the following table:

GREAT NORTHERN.

Year	Percentage of Operating Exp'n's and Tax's to Gross Receipts of Entire Road	Extra Cost of Local Business	Total Cost of Local Business	Earnings as Reduced by Com'iss'n	Deficit or Surplus
1894.....	\$ 60.82	\$ 30.25	\$ 91.57	\$ 87.	\$ 4.07 deficit
1895.....	58.00	30.55	88.25	87.	1.25 deficit
1896.....	55.09	30.25	85.54	87.	1.66 surplus
1897.....	57.86	30.25	88.11	87.	1.11 deficit
Average.....	\$ 57.94	\$ 30.25	\$ 88.19	\$ 87.	\$43.25 deficit

NORTHERN PACIFIC.

1894.....	\$ 74.19	\$ 31.41	\$ 109.60	\$ 87.	\$18.60 deficit
1895.....	67.81	31.41	99.22	87.	12.22 deficit
1896.....	63.44	31.41	94.85	87.	7.85 deficit
1897.....	66.92	31.41	101.33	87.	14.33 deficit
Average.....	\$ 68.84	\$ 31.41	\$ 100.25	\$ 87.	\$13.25 deficit

From these tables it appears that for every hundred dollars which the Great Northern received from local business during the four years, it was obliged to pay out on an average as operating expenses \$88.19. If the schedule of rates fixed by the commission had been in force, in place of every hundred dollars of its revenue the company would have received \$13.00 less, or \$87.00, an amount which is \$1.19 less than the expense of doing the business. For every hundred dollars which the Northern Pacific received from local traffic it was compelled to pay out \$100.25 in operating expenses, and if the schedule of rates fixed by the commission had been in force it would have received only \$87 where it did receive \$100 and this would have conducted it local business at a loss of \$13.25 on every hundred dollars of traffic.

No reference has been made to the Chicago, Milwaukee & St. Paul road for the reason that the testimony clearly shows that if the rates prescribed by the commission are unreasonable when applied to the traffic of the Great Northern and Northern Pacific railroads, it cannot be justified when applied to the traffic of the Chicago, Milwaukee & St. Paul. That company has only branch lines in the state of North Dakota, and the evidence demon-

strates that as to its business the rates now in force are not unreasonable.

In justification of the rates fixed by the commission two theories are put forth by its secretary and counsel. The first is based upon what the secretary dominates "North Dakota's Proportional" of the terminal traffic for interstate business. The second is based upon a comparison of the rate per ton mile under the commission's schedule with the rate per ton mile for the entire business of the road. In support of the first theory, the terminal rates on traffic between St. Paul, Minneapolis and Duluth and points in North Dakota is divided on a ton mileage basis in such proportion as the number of miles in North Dakota bears to the entire haul, and the rate thus produced for that portion of the haul which lies in North Dakota is what is designated as "North Dakota's Proportional." This result is invariably found to be less than the rate fixed by the commission, and it is contended that those rates are thereby proven to be reasonable. This theory disregards many of the elements which have been considered fundamental in fixing rates. It takes no account of the length of haul. By the same calculation which it adopts, the rates fixed by the commission for short distances could be proven to be unreasonable when compared with their rates for long distances. For example: the rate fixed by the commission on fourth class merchandise is 30 cents from Fargo to Mandan. Casselton is an intermediate point 20 miles distant from Fargo. What might be called its "proportional" of the 30 cents rate under the theory proposed would be 3 cents, whereas the rate fixed by the commission from Fargo to Casselton is 10 cents. The plan suggested also fails to take any account of the large volume of business out of terminal points as justifying a reduction of rates from such points.

Under the other theory the rate per ton mile of the entire business of the plaintiffs is found to be much less than the rate per ton mile on local business under the rates prescribed by the commission, and it is claimed that this fact establishes the reasonableness of the commission's rate. This, however, by no means follows. It is axiomatic that the rate per ton mile rapidly decreases as the length of haul increases. The evidence shows, as has already been pointed out, that the average haul of traffic local to North Dakota is less than one-fourth of the average haul on the entire business of the roads. This fact alone would necessitate a lower rate per ton mile on general than on local business. But it must be further remembered that the great volume of traffic carried by the complainants consists of heavy articles like coal, lumber, grain and live stock, which are invariably moved at the lowest of all

rates, while much the larger proportion of local traffic in North Dakota consists of merchandise in less than car load lots, which under all classifications of freight is charged a higher rate than any other kind of traffic. In ascertaining the cost per ton mile of doing the entire business of the roads, the enormous tonnage of these heavy commodities is embodied in the calculation. No distinction is made between groceries and lumber, between dry goods and live stock. It needs no argument to show that the average cost per ton mile of a traffic composed mainly of such articles as lumber, coal, grain and live stock, hauled on an average more than four hundred miles, affords no indication of what the average price per ton ought to be for a traffic which is made up for the most part of merchandise, that is hauled on an average less than 90 miles.

There only remains for consideration two questions of practice. In the course of the taking of the testimony the attorney general made a demand upon Mr. Kendrick, the general traffic manager of the Northern Pacific road, and upon Mr. Clough, the vice president of the Great Northern road, both of whom were witnesses on behalf of complainants, as follows: "I now ask you to prepare a table showing the freight handled in each of the four years ending June 30, 1894, June 30, 1895, June 30, 1896 and June 30, 1897, so as to show for each year the amount of freight handled under each of the following classes: (1) freight shipments local in North Dakota; (2) freight shipped into North Dakota; (3) freight shipped out of North Dakota; (4) freight shipped through North Dakota, making the table show the number of tons under each class and the ton miles in each class for the total actual haul; also show the actual freight receipts for each of the four classes mentioned above." The witnesses upon the advice of counsel refused to furnish these statements. It was admitted at the time that it was physically possible to prepare the tables and the request was declined upon the ground that the evidence was immaterial and that the preparation of it would involve great expense and delay. At the opening of the argument of the cases, the attorney general moved the court to strike out the evidence of Mr. Kendrick and Mr. Clough on account of this refusal. "There are two sufficient reasons for overruling this motion. First, the remedy which counsel asks is not the one he should have pursued. If he was entitled to this evidence and the witnesses refused to furnish it, his proper remedy was to apply to the federal court of the district in which the testimony was taken for process to compel its production. Second, if such application had been made we do not think the process could have been properly granted. The record in this case shows that these tables could

only be prepared from an actual examination of all the waybills under which the business of the companies was conducted for the four years named, and by a separation of the business as shown by those waybills into the classes mentioned in the demand of the attorney general. This would be a task nearly, if not quite equal to that of doing over again the entire accounting work for those years. The evidence shows that over one hundred clerks are employed by each of the companies in examining the way bills and reports of the business and entering the same in their proper accounts. A compliance with the request would therefore have required the plaintiffs to employ a vast force of clerks for a long period of time to go over their entire business for those years. We know of no rule of evidence by virtue of which one party to a suit can require another to go to such expense for his benefit unless the expense is first tendered.

The Great Northern and Northern Pacific companies for the purpose of ascertaining the character of the local business and the reduction which would have been made in that business if the rates fixed by the commission had been in force, caused the actual way bills for certain periods to be examined and the effect upon the business of an application of the commission's rates to be computed. The Northern Pacific selected the months of April and October, 1896, and the Great Northern the months of January, February, April, July, October and November of the same year. The officers of the roads testified that these months were such as would fairly represent the average business of the companies and that the only reason why the same investigation was not conducted for a longer period was the great expense and labor involved. The attorney general objected to this evidence, not upon the ground that the months selected had not been honestly selected for the purpose of showing the business of the companies but that it was impossible that the business of the companies for a term of years could be fairly shown by the persons selected, owing chiefly to the shortness of those periods. We do not think this objection is well taken. It goes to the trustworthiness of the evidence, but certainly affords no grounds for its entire rejection. This is certainly true when it is taken in connection with the other testimony tending to show that the relative volume of local and interstate business is fairly represented by the period selected and that those periods also fairly represent the business of the companies during the years under investigation.

A large number of tables were prepared in the accounting department of the several railroads bearing upon different features of the business of the companies for the years 1894, 1895, 1896 and

1897. Those tables were compiled pursuant to the directions of general officers, who testified that they were correct according to their best judgment and belief. The record shows that from forty to fifty clerks were employed by each of the companies in the preparation of the different tables. These clerks were not called to testify that the several computations made by them were correct, but the heads of departments under whose immediate supervision the work was done were called as witnesses, and the method of preparing the figures from which the tables were compiled was fully explained and their trustworthiness shown. The clerks were also present in the building where the testimony was taken as were likewise the way bills and other records from which they made their computations. Counsel for defendant was invited to call any of the clerks for the purpose of cross examination, and was given the freest access to all the papers and records from which the computations were made. He objected to the evidence upon the ground that it was incompetent. The objection cannot be sustained. To have called each of the clerks would have added very little to the trustworthiness of the evidence. No clerk conducted any entire investigation, but various details were placed in the hands of forty or fifty different employes and each contributed his computation to the general result. No clerk could have testified that the tables were correct, for the reason that they were not made by him; neither could any single clerk testify that the figures from which the tables were compiled were correct, for he only contributed a small fragment to the general result. The method adopted was the only practicable one for conducting the investigation. It would have been absolutely impossible for any one man to have compiled the general result without delaying the case for years. A reasonable safeguard against falsification in the preparation of such statements which they are compiled freely at the disposal of the adverse party. It was the duty of the companies to do this, and to give the attorney general the fullest assistance in explaining such records and to allow him to place the same in the hands of expert accountants, if he so desired, for the purpose of detecting error or falsification in the testimony as prepared by the companies. The record shows that this was done throughout the taking of the testimony in these cases. We must assume that the attorney general was satisfied of the correctness of the testimony from the fact that he declined to investigate its trustworthiness.

Counsel for the defendants cites as directly in point a recent decision of the United States circuit court for the district of South Dakota in the case of Chicago, Milwaukee & St. Paul Railway Com-

pany vs. Board of Railway Commissioners, which involved substantially the same issues as the cases under consideration. There can be no criticism of the law as declared in the opinion in that case, but the learned judge seems to have proceeded upon a fundamental error of fact. In determining the rate of income which the company was earning upon the value of its property as fixed by the court, no allowance whatever is made for operating expenses, but the entire gross receipts of the road are treated as net profits. This error greatly weakens, if it does not destroy, the authority of the opinion.

It follows from what has been said that a decree must be entered in each of the cases in accordance with the prayer of the bill therein, and it is so ordered; but following the practice adopted in the case of *Smyth vs. Ames* right will be reserved in the decree to the commission to apply to the court for such further relief as it may be advised, in case circumstances shall so change that the rates fixed by them will yield to the companies a reasonable compensation for the services required.

Thayer, circuit judge, concurs.

IN THE
CIRCUIT COURT OF THE UNITED STATES,
District of North Dakota.

NORTHERN PACIFIC RAILWAY COMPANY,
Complainants.

vs.

GEORGE H. KEYES, L. L. WALTON, JOHN R. GIBSON,
J. E. PHELAN, ALONSON W. EDWARDS, HORATIO
C. PLUMLEY, GEORGE B. WINSHIP, FRED S. GOD-
DARD, EDWIN A. SMITH, GRANT S. HAGAR,
PHILIP H. SHORTT, R. M. TUTTLE, H. A. STICKLEY,
Defendants.

The President of the United States of America to George H. Keyes, L. L. Walton, John R. Gibson, J. E. Phelan, Alonson W. Edwards, Horatio C. Plumley, George B. Winship, Fred S. Goddard, Edwin A. Smith, Grant S. Hagar, Philip B. Shortt, R. M. Tuttle, H. A. Stickley.

The Circuit Court of the United States for the District of North Dakota having ordered, adjudged and decreed after due notice and hearing that you be enjoined as herein stated, therefore you and each of you and your successors in office and your several servants and agents are perpetually enjoined and restrained from publishing or putting into effect that certain schedule of maximum freight and passenger rates adopted by the commissioners of railroads of North Dakota on or about the twenty-eighth day of April, 1897, to take effect on the first day of July, 1897; and from continuing the publication of, or publishing, a certain printed notice set forth in the bill of complaint, or any similar notice, which notice is dated the fifth day of May, 1897, addressed "To Whom It May Concern," and signed George H. Keyes, chairman, L. L. Walton, John R. Gibson, commissioners of railroads, attested by J. E. Phelan, secretary, which notice is to the effect that the Board of Railroad Commissioners of North Dakota made for each of the railroads,

perpetually enjoined and restrained from entertaining, hearing or determining any complaint against the plaintiff Great Northern Railway Company, for, or, on account of any act or thing done by said company, or its agents, servants or employes, or omitted to be done which may be forbidden or commanded by the said order of the railroad commissioners fixing rates, and from instituting or prosecuting, or causing to be instituted or prosecuted any action or proceeding, civil or criminal, against said company or its officers, employes or agents for any act or thing done, suffered or omitted, which may be forbidden or commanded by the said order of the commissioners.

Witness the Honorable Melville W. Fuller, Chief Justice of the Supreme Court of the United States, at the city of Fargo, in the state of North Dakota the thirtieth day of December, 1898.

(Seal)

J. A. MONTGOMERY, Clerk.

A true copy—Attest: J. A. MONTGOMERY, Clerk.

COMPLAINTS.

The following list of complaints and petitions filed with the commissioners of railroads during the year received attention as indicated in each case:

For the Chicago, Milwaukee & St. Paul Railway Company there were no complaints.

For the "Soo" line as follows:

S. Fletcher of Mattson, N. Dak., vs. "Soo" line, protesting against contemplated movement of station facilities from Mattson to junction point with Northern Pacific railway.

Referred to "Soo" management.

Loren Syverson vs. "Soo" line for location of private elevator at Courtenay on "Soo" line right of way.

Application denied by General Manager Underwood.

For the Northern Pacific railway as follows:

Chas. Moore vs. Northern Pacific railway on behalf of the citizens of Cashel, protesting against the closing of station at this point.

Adjusted by return of the agent to service.

B. Gibson Dunlop and thirty-three others vs. Northern Pacific railway, for grain loading platform at Eldridge.

Platform was built.

E. Miles and Miles Drum and twenty-two others vs. Northern Pacific railway for side track midway between Jamestown and Ypsilanti.

Side track was built.

S. L. Farnsworth and thirty-four others vs. Northern Pacific railway, protesting against the closing of highway crossing at Gilby.

Northern Pacific management changed that crossing, closed was dangerous to public, and the community still being provided with two highway crossings was all that could reasonably be required.

J. T. Nelson and forty-seven others vs. Northern Pacific railway, asking for construction of a warehouse for storing wool shipments.

Adjusted by Northern Pacific management granting petitioners place on right of way for construction of a warehouse.

N. Chilson and ninety-four others vs. Northern Pacific railway, for enlargement of grain loading platform.

Petition granted by Northern Pacific management.

M. L. Engle and thirty-four others vs. Northern Pacific railway company, for grain loading platform at Englevale.

Platform was built.

R. J. Green and sixteen others vs. Northern Pacific railway, for enlargement of grain loading platform at Canfield.

Petition was granted.

Robert Ferguson and twenty-six others vs. Northern Pacific Railway Company, concerning lack of proper drainage across railway at Drayton.

Favorably adjusted.

Isaac N. Johnson vs. Northern Pacific Railway Company, for permanent station agent at Johnstown.

Referred to Northern Pacific management and now pending.

W. S. Hyde of Hannaford, N. D., vs. Northern Pacific Railway Company, complaining of failure to furnish empty cars for shipment of grain.

Favorably adjusted.

N. Chilson vs. Northern Pacific Railway Company, for failure to supply cars for shipment of grain at Tower City.

Favorably adjusted.

H. R. Salisbury vs. Northern Pacific Railway Company, for failure to furnish cars for shipment of grain and requiring amount of grain in cars arbitrarily in excess of minimum weights established.

Case was favorably adjusted.

F. T. Williams and ninety-one others vs. Northern Pacific Railway Company, for grain loading platform at Oberon.

Case is now ending.

Harrader Bros. and sixty-four others vs. Northern Pacific Railway Company and "Soo" line, for "Y" connection at Carrington.

Now pending.

Wm. P. Goff and twenty-six others vs. Northern Pacific Railway Company, for grain loading platform at Bowesmont.

Now pending.

For the Great Northern Railway Company as follows:

Arthur Moffett and one hundred and twenty-four others vs. Great Northern Railway Company, asking for station building and agency at Barton.

Referred to Great Northern management and now pending.

Chas. L. Graber and twenty others vs. Great Northern Railway Company, for grain loading platform at Showner.

Referred to Great Northern management and now pending.

J. H. Magoris and fifty others vs. Great Northern Railway Company, for grain loading platform at Larimore.

Application denied by Great Northern management.

E. A. Bickford vs. Great Northern Railway Company, for an elevator site at Kempton.

Application granted.

J. K. Redmond vs. Great Northern Railway Company, for failure to furnish cars for shipment of wood at St. Johns.

Referred to Great Northern management. Now pending.

David Rea vs. Great Northern Railway Company, for failure to furnish cars for shipment of grain at Conway.

Referred to Great Northern management. Now pending.

H. B. Borneman vs. Great Northern Railway Company, for failure to furnish cars for grain shipments at Portland.

Referred to Great Northern management. Now pending.

GRAIN ELEVATORS AND LOADING PLATFORMS.

On railway lines operating in North Dakota.

St. Paul, Minn., November 26, 1898.

J. E. Phelan, Esq.,

Secretary Commissioners of Railroads,
Bismarck, N. D.

Dear Sir: I have your favor of the 22nd requesting revised list of grain elevators and loading platforms on the line of the Northern Pacific Railway for the year 1897. I enclose you herewith complete list, revised and corrected up to date and containing, I believe, all the information you desire.

Very truly yours,

J. M. HANNAFORD,
General Traffic Manager.

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

MAIN LINE.

Station	Owner	Building	Capacity	Remarks
Fargo	Linseed Oil Mill Magill & Co.	Elevator	100,000	For Flax
	Henderson, Barlow Co.	Elev. and mill	40,000	
Haggart	Northern Pacific Railway	Platform	30,000	
Canfield	Northern Pacific Railway		3 cars	
	W. H. Wright		4 cars	
	Consolidated Elevator Co.	Elevator	2 cars	Private
Mapleton	Consolidated		20,000	
	Monarch Elevator Co.		40,000	
	Great Western Elevator Co.		30,000	
	M. T. Dill		35,000	Private
	Northern Pacific Railway	Platform	30,000	
Greene	Elit Greene	Elevator	5 cars	
	Northern Pacific Railway	Platform	14,000	
Dalrymple	O. Dalrymple	2 Elevators	3 cars	
	Northern Pacific Railway	Platform	132,000	Private
Casselton	Consolidated	Elevator	3 cars	
	Northern Pacific Railway	Platform	70,000	
Sydney	Northern Pacific Railway		2 cars	
Wheatland	Consolidated	Elevator	10 cars	
	Monarch		50,000	
	Great Western		35,000	
	Northern Pacific Railway	Platform	40,000	
Munger Siding	Munger & Markell	Warehouse	4 cars	
Magnolia	Northern Pacific Railway	Platform	15,000	
Buffalo	Monarch	Elevator	4 cars	
			35,000	T. B. Dawson, lessee

Buffalo.....	Great Western	Elevator	40,000	Coarse grain
	M. E. Hawk	Warehouse	25,000	
	T. A. Quirk	Platform	10,000	
	Northern Pacific Railway	Elevator	4 Cars	
Tower City	Consolidated		25,000	
	Monarch		40,000	
	Northern Pacific Railway	Platform	2 Cars	Mill
	Consolidated	Elevator	30,000	
Oriska	Monarch		14,000	
	Great Western		25,000	
	J. M. Dennett		8,000	
	Northern Pacific Railway	Platform	2 Cars	
Baird	Brooks Elevator Co.	Elevator	12,000	
	Northern Pacific Railway	Loading Mound		
Valley City	Monarch	Elevator	40,000	G. S. Walker, lessee
	Great Western		30,000	
	Farmers		35,000	
	Brooks		20,000	
Berea	Northern Pacific Railway	Platform	2 Cars	
	Cargill Elevator Co.	Elevator	20,000	
Hobart	Northern Pacific Railway	Platform	2 Cars	
	Consolidated	Elevator	20,000	
Sanborn	Cargill		30,000	
	Olson & Cox		20,000	
	Northern Pacific Railway	Platform	2 Cars	
Eckelson	Consolidated	Elevator	30,000	
	Northern Pacific Railway	Platform	2 Cars	
Urbana	Northern Pacific Railway		2 Cars	
Spiritwood	Cargill	Elevator	40,000	
	Brooks	Warehouse	3,000	
Bloom	Northern Pacific Railway	Platform	1 Car	
Jamestown	Monarch	Elevator	40,000	
	Russell & Miller Co.	Elev. and mill	70,000	
	Northern Pacific Railway	Platform	2 Cars	
Eldridge	Monarch	Elevator	29,000	
	Northern Pacific Railway	Platform	2 Cars	
Tappen	Monarch	Elevator	20,000	

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN
PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

MAIN LINE—Continued.

Station	Owner	Building.	Capacity	Remarks
Dawson	Consolidated.	Elevator	40,000	
	Northern Pacific Railway	Platform	2 cars	
Steele	Raymond & Kepler	Warehouse	2,000	
	Great Western	Elevator	30,000	
	Brooks		15,000	
Sterling	Northern Pacific Railway	Platform	2 cars	
	Brooks	Warehouse	3,000	
	Consolidated		8,000	
McKenzie	B. F. Scoville	Elevator	15,000	
Burleigh	Bismarck Elevator Co.		10,000	
Bismarck	Bismarck Elevator Co.		50,000	
	North Dakota Mill Ass'n.		50,000	
Mandan	Bingenheimer	Elev. and mill..	8,000	Burned '98
	North Dakota Mill Ass'n.	Warehouse	125,000	
New Salem	Mandan Milling Co.	Elev. and mill..	10,000	Mill
	Schallern & Co.	Elevator	8,000	F. Wiegmann, lessee
	Farmers	Warehouse	10,000	
	A. F. Dietz		10,000	
Sims	C. L. Zimmerman	Elevator	1,000	
Glenullin	Mandan Milling Co.	Warehouse	20,000	Mill
	Barnes & Nelson	Elev. and W'h..	3,000	Mill
Hebron	H. Hollist	Warehouse	6,000	
	F. Dichtenmuller		6,000	
Antelope	Mandan Milling Co.		3,500	
Richardton	Lyon Elevator Co.	Elevator	12,000	
Taylor	North Dakota Mill Ass'n.	Warehouse	3,000	
Gladstone	Lee & Lee	W'h and mill..	20,000	

NORTHERN PACIFIC, FERGUS & BLACK HILLS BRANCH (IN NORTH DAKOTA.)

Station	Owner	Building	Capacity	Remarks
Wahpeton.....	Consolidated	Elevator	20,000	Private
Stevensons	Northern Pacific Railway	Platform	3 cars	
Farmington.....	Northern Pacific Railway	2 Platforms	6 cars	
	Great Western	Elevator	30,000	
	Monarch		15,000	
Fairview Junction..	Northern Pacific Railway	Platform	2 cars	
Adams	Northern Pacific Railway		3 cars	
	W. P. Adams	Elevator	90,000	
Woodruff	Northern Pacific Railway	Platform	3 cars	
Great Bend	Northern Pacific Railway	Platform	2 cars	
	Monarch	Elevator	35,000	Private
	Great Western		35,000	
Bayne.....	Northern Pacific Railway	Platform	5 cars	
	E. H. Junker	Elevator	60,000	
Downing	Northern Pacific Railway	Platform	3 cars	
Mooreton.....	Downing Farm	Elevator	85,000	
	Consolidated		30,000	
	Monarch	Warehouse	10,000	
Wyndmere	Independent Elevator Co.	Elevator	14,000	
	Consolidated		40,000	
	Monarch		35,000	
DeLanere.....	Northern Pacific Railway	Platform	3 cars	
	Consolidated	Warehouse	25,000	
	Consolidated	Elevator	15,000	
	Independent		14,000	
	Northern Pacific Railway	Platform	2 cars	
Minnor	Consolidated	Elevator	30,000	
	Monarch		35,000	
	Thorpe Elevator Co.		16,000	
	A. Ziesner		5,000	
	Northern Pacific Railway	Platform	2 cars	

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN
PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

MANITOBA DIVISION (IN NORTH DAKOTA.)

Station	Owner	Building	Capacity	Remarks
Grand Forks.....	North Dakota Millers Ass'n.....	Mill "A"	15,000	
Kelly's	Thorpe Elevator Co.	Elevator	20,000	
	Duluth Elevator Co.		2 cars	
Meckinock.....	Northern Pacific Railway	Platform	25,000	
	Consolidated	Elevator	20,000	
	Monarch		30,000	
	Duluth.....		1 car	
Beans.....	Northern Pacific Railway	Platform	20,000	
	Consolidated	Elevator	35,000	
	Monarch		15,000	
	Thorpe Elevator		2 cars	
Gilby	Northern Pacific Railway	Platform	40,000	
	Consolidated	Elevator	35,000	
	Monarch		20,000	
	Duluth Elevator Co.		5,000	
	Culver-Harper Co.	Warehouse	3 cars	Closed
	Northern Pacific Railway	Loading mound.	25,000	
Sherack.....	Monarch	Elevator	25,000	
Johnstown	Wm. Stead		20,000	
	J. R. Barker		10,000	
	Northern Pacific Railway	Platform	2 cars	Private
	Consolidated	Elevator	40,000	
	Monarch		16,000	
Forest River.....	Thorpe.....		20,000	
	McHugh & Gardner.....		30,000	
	Northern Pacific Railway	Platform	2 cars	

Voss	Consolidated	Elevator	40,000
	Monarch		35,000
	Thorpe		20,000
	Farmers		15,000
Kellogg	Northern Pacific Railway	Loading mound.	2 cars
	Great Western	Elevator	25,000
	Public	Loading mound.	8 cars
Grafton	Consolidated	Elevator	20,000
	Monarch		20,000
	Thorpe		16,000
	W. C. Leistikow	Elevator & Mill.	30,000
	Northern Pacific Railway	Platform	1 car
Cashel	Consolidated	Elevator	24,000
	Monarch		35,000
	Victoria Elevator Co.		40,000
	Northern Pacific Railway	Loading mound.	1 car
Elora	Consolidated	Elevator	30,000
	Northern Pacific Railway	Loading mound.	2 cars
	Monarch	Elevator	40,000
	Consolidated		25,000
Drayton	Monarch		20,000
	Thorpe		20,000
	Minnesota & Dakota Elev. Co. ..		35,000
	Cargill Elevator Co.		20,000
	Thos. McDonald	Warehouse	2,000
Pittsburgh	Consolidated	Elevator	30,000
	Monarch		20,000
	J. H. Jamison		7,000
	Stewart & Whittemore		20,000
Bowesmont	Monarch		20,000
	Minnesota & Dakota		35,000
	D. A. McDonald & Co.		15,000
Joliette	Consolidated		30,000
	Victoria		15,000
	Northern Pacific Railway	Platform	2 cars
McArthur	Monarch	Elevator	20,000
	Pembina Grain & Elev. Co.	Warehouse	12,000

Closed '98
Also on G. N.

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

MANITOBA DIVISION (IN NORTH DAKOTA.)

Station	Owner	Building	Capacity	Remarks
McArthur.....	Northern Pacific Railway	Platform	2 cars	
Pembina	Monarch	Elevator	20,000	
	Pembina Grain & Elev. Co.....	Warehouse	12,000	
	Victoria Elevator Co.....	Elevator	15,000	
	Northern Pacific Railway	Loading mound.	1 car	

JAMESTOWN AND NORTHERN BRANCH.

Parkhurst.....	J. McGinnis.....	Warehouse	8,000	
Buchanan	Monarch	Elevator	20,000	
	Northern Pacific Railway	Platform	2 cars	
Pingree	Consolidated	Elevator	40,000	
	Northern Pacific Railway	Platform	2 cars	
Edmunds	Consolidated	Elevator	30,000	
Melville	Consolidated	Platform	30,000	
	Northern Pacific Railway	Platform	4 cars	
Farguar.....	Northern Pacific Railway	Elevator	3 cars	
Carrington	Monarch	Elevator	20,000	
	Consolidated	Warehouse	30,000	
	Brooks Elevator Co.....	Warehouse	5,000	
	J. D. Faxon	Platform	3,500	
	Northern Pacific Railway	Platform	3 cars	
Garland.....	Northern Pacific Railway	Platform	2 cars	
Rose.....	Northern Pacific Railway	Elevator	3 cars	
Sykeston	Monarch	Elevator	35,000	
	Miner & Cousins.....		20,000	
				Closed

Guptil	Northern Pacific Railway	Platform	3 cars	B. G. Arbogast, Agent
Barlow	Monarch	Elevator	25,000	
	Brooks	Elevator	10,000	
New Rockford.....	Northern Pacific Railway	Platform	5 cars	
	Consolidated	Elevator	23,000	
	Monarch		95,000	
	Great Western		35,000	
	Dakota Elevator Co.....		40,000	
	Brooks		30,000	
Sheyenne	Northern Pacific Railway	Platform	2 cars	
	Brooks	Elevator	20,000	
	Monarch		30,000	
	Dakota Elevator Co.....		27,000	
Oberon	Northern Pacific Railway	Platform	1 car	B. G. Arbogast
	Consolidated	Elevator	15,000	
	Monarch		20,000	
	Brooks		25,000	
Minnewaukan	Northern Pacific Railway	Platform	1 car	
	Consolidated	Elevator	35,000	
	Great Western		25,000	
	Monarch		30,000	
	Wm. Plummer & Co.....		20,000	
Brinsmade	Northern Pacific Railway	Platform	2 cars	
	Brooks	Elevator	20,000	
	Great Western		30,000	
	Monarch		40,000	
	Northern Pacific Railway	Platform	2 cars	
Leeds	Brooks	Elevator	30,000	
	Thos. E. Smith		22,000	
FARGO AND SOUTHWESTERN BRANCH.				
Cotters	Consolidated	Elevator	12,000	
	Geo. Osgood	Platform	2 cars	
Horace	Northern Pacific Railway		5 cars	
	Great Western	Elevator	25,000	
	Consolidated		30,000	

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

FARGO AND SOUTHWESTERN BRANCH.

Station	Owner	Building	Capacity	Remarks
Horace	Monarch	Elevator	30,000	
Warren	Northern Pacific Railway	Platform	1 car	
	Monarch	Elevator	20,000	
	Great Western		35,000	
	W. M. Miller	Platform	2 cars	
	Northern Pacific Railway		2 cars	
Davenport	Consolidated	Elevator	30,000	
Woods	Consolidated	Elevator	40,000	
	Monarch		23,000	
Leonard	Northern Pacific Railway	Platform	1 car	
	Great Western	Elevator	30,000	
	Monarch		15,000	
	Northern Pacific Railway	Platform	2 cars	
Coburn	Monarch		20,000	
Sheldon	Monarch	Elevator	20,000	
	Great Western		30,000	
	Southwestern		30,000	
Buttville	Northern Pacific Railway	Platform	3 cars	
	Consolidated	Elevator	40,000	
	Northern Pacific Railway		30,000	
Lisbon	Monarch	Platform	2 cars	
	Great Western	Elevator	30,000	
	Consolidated		20,000	
Elliott	Lisbon Elevator Co.		40,000	
	Great Western		15,000	
	Monarch		15,000	
			20,000	Operated by State Bank

Elliott	Consolidated	Elevator	12,000
Englevalle	Northern Pacific Railway	Platform	2 cars
	Monarch	Elevator	30,000
	Great Western		35,000
	Consolidated		30,000
Verona	Northern Pacific Railway	Platform	2 cars
	Monarch	Elevator	30,000
	Consolidated		25,000
LaMoure	Northern Pacific Railway	Platform	1 car
	Consolidated Elevator Co.	Elevator	60,000
	Monarch		30,000
	Downing Farm		40,000
Berlin	Northern Pacific Railway	Platform	2 cars
	Consolidated	Elevator	30,000
Medbury	Northern Pacific Railway	Platform	2 cars
	Consolidated	Elevator	30,000
Edgeley	Northern Pacific Railway	Platform	2 cars
	Consolidated	Elevator	18,000
	Brooks	Platform	20,000
	Northern Pacific Railway		3 cars
Private			
SANBORN, COOPERSTOWN AND TURTLE MOUNTAIN BRANCH.			
Rogers	Monarch	Elevator	20,000
Dazey	Northern Pacific Railway	Platform	3 cars
	Great Western	Elevator	35,000
	Cargill		30,000
	Monarch		20,000
Hannaford	Northern Pacific Railway	Platform	2 cars
	Cargill	Elevator	20,000
	Olsen & Cox		10,000
	Northern Pacific Railway	Platform	2 cars
	Monarch	Elevator	40,000
Cooperstown	Monarch	Platform	30,000
	Cargill	Elevator	50,000
	Great Western	Platform	50,000
	Olsen & Cox	Elevator	30,000

ELEVATORS, GRAIN WAREHOUSES AND LOADING PLATFORMS ON NORTHERN
PACIFIC RAILWAY IN NORTH DAKOTA.

DECEMBER 1, 1898.

SANBORN, COOPERSTOWN AND TURTLE MOUNTAIN BRANCH.

Station	Owner	Building	Capacity	Remarks
Cooperstown	R. C. Cooper	Elevator	50,000	
	Northern Pacific Railway	Platform	2 cars	

JAMES RIVER VALLEY BRANCH.

Ypsilanti	Monarch	Warehouse	10,000	
	Consolidated		20,000	
Montpelier	Northern Pacific Railway	Platform	2 cars	
	Monarch	Warehouse	10,000	
	Consolidated		20,000	
Adrian	Northern Pacific Railway	Platform	1 car	
	Monarch	Elevator	20,000	
Dickey	Northern Pacific Railway	Platform	1 car	
	Monarch	Elevator	10,000	
	Brooks	Elev. and Wh ..	34,000	
	Consolidated	Elevator	15,000	
	Northern Pacific Railway	Platform	1 car	
Grand Rapids	Monarch	Warehouse	8,000	
	Monarch	Elevator	20,000	
	Consolidated	Warehouse	8,000	
Glover	Northern Pacific Railway	Platform	2 cars	
	Monarch	Elevator	25,000	
	S. Glover		20,000	
Oakes	Northern Pacific Railway	Platform	1 car	
	T. F. Marshall	Elevator	25,000	

St. Paul, Minn., December 15, 1898.

J. E. Phelan, Esq.,

Secretary Commissioners of Railroads,

State of North Dakota, Bismarck, N. D.

Dear Sir: As per request of November 22nd, I take pleasure in enclosing herewith list of elevators and loading platforms on our line in North Dakota, revised to December 1, 1898.

In the list of loading platforms there are several points which are in Minnesota which we have designated by the letter "M." We also show the length and height of the platform instead of the length and width as shown in your list. Standard platforms are about 12 feet wide.

Yours truly,

F. B. CLARKE,
General Traffic Manager.

LIST OF LOADING PLATFORMS ON GREAT NORTH-ERN RAILWAY IN NORTH DAKOTA.

STATION	Length and Height	STATION	Length and Height
Ardock.....	50x9	Cando.....	50x2
Argusville.....	60x4 $\frac{1}{2}$	Devils Lake.....	37x2
Auburn.....	85x3 $\frac{1}{4}$	DeVillo.....	16x2 $\frac{1}{2}$
Arthur.....	72x2	Dresden.....	
Arvilla.....	49x2	Dwight.....	52x2
Addison.....		Davenport.....	
Ayr.....	60x5	Durbin.....	60x3
Aneta.....	60x2 $\frac{1}{2}$	Donaldson (m).....	
Argyle (m).....	35x4	Easby.....	
Belle Plain.....	35x3	Erie.....	63x4
Buxton.....	50x4	Everest.....	62x4 $\frac{1}{2}$
Bathgate.....	75x2 $\frac{1}{2}$	Emerado.....	50x3
Bartlett.....	60x3	Edinburg.....	50x3
Blanchard.....	50x3	Guelph.....	32x3
Bottineau.....	36x3 $\frac{1}{2}$	Fishers (m).....	60x3
Bisbee.....	50x3	Grandin.....	80x4 $\frac{1}{2}$
Barton.....	50x2 $\frac{1}{2}$	Fleming.....	
Backoo.....	75x4	Georgetown (m).....	75x3
Carman (m).....		Finley.....	60x3 $\frac{1}{2}$
Cayuga.....		Havana.....	35x2
Cummings.....	40x3	Gardner.....	60x3
Cavalier.....	75x4	Hunt (m).....	60x3 $\frac{1}{2}$
Crystal.....	80x4	Glasston.....	70x3 $\frac{1}{2}$
Crary.....		Hannah.....	60x3
Clark.....		Galesburg.....	56x3
Conway.....	50x2	Hatton.....	
Clifford.....	50x3	Harwood.....	50x4
Colgate.....		Hensel.....	80x3 $\frac{1}{2}$
Colfax.....	50x3	Hankinson.....	100x5

STATION	Length and Height	STATION	Length and Height
Hope	50x5	Page City	60x4
Hoople	62x3 $\frac{1}{2}$	Perth	50x3
Howes Siding	100x3	Pisek	50x2 $\frac{1}{2}$
Inkster	50x3	Penn.....	50x2
Kelso	60x1 $\frac{3}{4}$	Reynolds	50x2 $\frac{1}{2}$
Kempton.....		Rugby Junction	50x2 $\frac{1}{2}$
Knox	50x2	Ripon	30x4 $\frac{1}{2}$
Kent (m)	40x3	Rolla.....	68x2 $\frac{1}{2}$
Levant	60x3	Roseville	50x3
Lehigh	100x3	Sabin (m)	60x3 $\frac{1}{4}$
Lakota	40x8	Straubville	50x3
Larimore.....		Schurmeier	
Langdon	40x3 $\frac{1}{2}$	Sharon.....	
Leyden.....	75x4	Silver Leaf.....	32x3
Lidgerwood	40x4 $\frac{1}{2}$	St. Thomas.....	100x3
Manvel.....	50x3	Slotten.....	70x3
Minto	50x2 $\frac{3}{4}$	Thompson.....	36x3
Merrifield	26x3	Towner	80x3
Mallory (m)	62x3 $\frac{1}{2}$	Wales.....	
Mayville	40x3	Walcott.....	40x4
Michigan.....	40x2	Willow City.....	40x4
Murray		Wolverton (m).....	40x3
Milton	50x9 $\frac{3}{4}$	York.....	
Nash	40x3	Amenia.....	100x2
McCanna	50x2	Brookland.....	60x3
Ojata	17x2	Considine	50x3
Nielsville (m)	30x5	Ellendale.....	100x4
Osnabrock	50x2 $\frac{1}{2}$	Grand Harbor.....	50x2
Niagara	50x3	Hunter.....	50x2
Petersburg	48x3	Minot.....	70x6
Orr	50x3	Mason	40x2 $\frac{1}{2}$
Perley (m).....	48x2	Stiles	20x5
Omeme	40x4	Saxony.....	60x2
Park River.....	50x3	Walhalla	60x3 $\frac{1}{2}$

ELEVATORS

On the Right of Way of the Great Northern Railway Company in the
State of North Dakota, December 1, 1898.

BRECKENRIDGE DIVISION, TINTAH AND MISSOURI RIVER BRANCH.

Location	Owners	Capacity
DeVillo	Cargill Elevator company	20,000
Sonora	Parsons Elevator company	15,000
Hankinson	Cargill Elevator company	30,000
	St. A. & D. Elevator company	30,000
Stiles	Cargill Elevator company	10,000
	St. A. & D. Elevator company	25,000
Lidgerwood	Cargill Elevator company	20,000
	Minn. & Dak. Elevator company	18,000
	St. A. & D. Elevator company	20,000
Geneseo	Cargill Elevator company	30,000
	St. A. & D. Elevator company	30,000
Cayuga	Cargill Elevator company	30,000
	St. A. & D. Elevator company	8,000
Rutland	St. A. & D. Elevator company	30,000
	Cargill Elevator company	12,000
Belle Plain	Northwestern Elevator company	30,000
Brookland	Northwestern Elevator company	30,000
Straubville	Northwestern Elevator company	30,000
Port Emma	Northwestern Elevator company	30,000
Guelph	Northwestern Elevator company	30,000
Silver Leaf	Northwestern Elevator company	30,000
	State Elevator company	12,000
Ellendale	Northwestern Elevator company	40,000

ABERDEEN BRANCH.

Havana	Cargill Elevator company	28,000
	St. A. & D. Elevator company	35,000
	Andrews & Gage	15,000

BRECKENRIDGE AND LARIMORE LINE.

Wahpeton	St. A. & D. Elevator company	16,000
Dwight	Cargill Elevator company	30,000
	Duluth Elevator company	60,000
	J. McKee	7,000
	Theo. Hanson	8,000

ELEVATORS.—Continued.

BEECKENRIDGE AND LARIMORE LINE.—Continued.

Location	Owners	Capacity
Galchutt	St. A. & D. Elevator company.....	20,000
	Imperial Elevator company.....	20,000
Colfax	Cargill Elevator company.....	20,000
	St. A. & D. Elevator company.....	30,000
Walcott	Northwestern Elevator company.....	30,000
	Minn. & Dak. Elevator company.....	20,000
	Imperial Elevator company.....	10,000
Kindred	Cargill Elevator company.....	30,000
	St. A. & D. Elevator company.....	40,000
	Farmers Grain association.....	25,000
Davenport	St. A. & D. Elevator company.....	25,000
Addison	Cargill Elevator company.....	30,000
	Imperial Elevator company.....	25,000
Lynchburg	H. F. Chaffee.....	35,000
Chaffee.....	Amenia & Sharon Land company.....	50,000
Durbin	Cargill Elevator company.....	30,000
	Imperial Elevator company.....	25,000
Everest	Cargill Elevator company.....	40,000
	Northwestern Elevator company.....	35,000
	St. A. & D. Elevator company.....	10,000
Fleming Siding	Cargill Elevator company.....	25,000
Mason	Cargill Elevator company.....	12,000
Erie	Cargill Elevator company.....	35,000
	St. A. & D. Elevator company.....	20,000
	Imperial Elevator company.....	15,000
Galesburg	Cargill Elevator company.....	49,000
	St. A. & D. Elevator company.....	22,000
	Independent Elevator company.....	40,000
Clifford	Cargill Elevator company.....	55,000
	St. A. & D. Elevator company.....	30,000
	Imperial Elevator company.....	35,000
	J. Rosholt.....	30,000
Roseville	Cargill Elevator company.....	20,000
	Minn. & Dakota Elevator company....	35,000
Portland	Cargill Elevator company.....	50,000
	Minn. & Dak. Elevator company.....	50,000
	St. A. & D. Elevator company.....	30,000
	State Elevator company.....	30,000
	Independent Elevator company.....	30,000
Portland Junction....	Northwestern Elevator company.....	30,000
	St. A. & D. Elevator company.....	30,000
Hatton	Cargill Elevator company.....	80,000
	Northwestern Elevator company.....	60,000
	St. A. & D. Elevator company.....	30,000
	Andrews & Gage	45,000
	Great Western.....	90,000
	Imperial Elevator company.....	25,000
Northwood	Cargill Elevator company.....	50,000
	St. A. & D. Elevator company.....	60,000
	Heising Elevator company.....	40,000
	C. S. Slawson.....	20,000
	N. D. Milling association.....	50,000
	Burgess	20,000

ELEVATORS.—Continued.

BRECKENRIDGE AND LARIMORE LINE.—Continued.

Location	Owners	Capacity
Kempton	Cargill Elevator company.....	50,000
	St. A. & D. Elevator company.....	25,000
	National Elevator company	25,000
	E. A. Bickford	30,000
	Aldrich Elevator.....	10,000

CASSELTON BRANCH.

Howes Siding	St. A. & D. Elevator company.....	20,000
Amenia	Amenia & Sharon Land company (1)..	250,000
	Amenia & Sharon Land company (2)..	25,000
Arthur	Northwestern Elevator company.....	65,000
	St. A. & D. Elevator company.....	85,000
	Great Western Elevator company ...	75,000
	O. Dalrymple.....	25,000
Hunter	Cargill Elevator company.....	30,000
	St. A. & D. Elevator company.....	70,000
	Great Western Elevator company ...	20,000
	McCarthy Elevator	20,000
	S. McClure	20,000
	A. F. Norrish	7,000
Greenfield	Thompson Farming company.....	30,000
	St. A. & D. Elevator company.....	40,000
Preston Spur	Preston Farm company	40,000
Blanchard	Northwestern Elevator company.....	50,000
	Great Western Elevator company.....	80,000
	D. C. Smith	15,000
Blanchard Spur.....	J. L. Grandin	24,000
Murray	Northwestern Elevator company.....	15,000
	Andrews & Gage.....	40,000
Mayville	St. A. & D. Elevator company.....	20,000
	Great Western Elevator company ...	25,000
	Farmer's Elevator company.....	35,000
	N. D. Milling association.....	15,000
	M. Anderson	20,000
	Mayville Roller Mill	10,000
	Mayville Farm Elevator.....	60,000
	E. W. Kinney.....	18,000
Grandin Farm	Grandin Farm Elevator.....	35,000

HOPE BRANCH.

Absaraka	N. Staples & Son.....	20,000
Ayr	Cargill Elevator company.....	26,000
	Park Farm Elevator	35,000
Page City.....	Cargill Elevator company (1)	45,000
	Cargill Elevator company (2)	10,000
	St. A. & D. Elevator company.....	45,000
	G. G. Hartley.....	55,000

ELEVATORS.—Continued.

HOPE BRANCH.—Continued.

Location	Owners	Capacity
Colgate	Cargill Elevator company	20,000
	St. A. & D. Elevator company	40,000
Hope	Cargill Elevator company	30,000
	St. A. & D. Elevator company	40,000
	Northwestern Elevator company	20,000
	Imperial Elevator company	30,000
Blabon	Northwestern Elevator company	30,000
	St. A. & D. Elevator company	50,000
Finley	Cargill Elevator company	30,000
	Northwestern Elevator company	20,000
	St. A. & D. Elevator company	50,000
Sharon	Cargill Elevator company	30,000
	Northwestern Elevator company	20,000
	St. A. & D. Elevator company	25,000
Aneta	Cargill Elevator company	30,000
	Northwestern Elevator company	30,000
	St. A. & D. Elevator company	40,000
	C. E. Burgess	30,000

NORTHERN DIVISION—NECHE LINE.

Harwood	Minneapolis & Nor. Elevator company	55,000
Argusville	Minneapolis & Nor. Elevator company	70,000
	Inter-State Grain company	25,000
	Minnesota & Western Grain company	30,000
Gardner	Minneapolis & Nor. Elevator company	48,000
	Inter-State Grain company	20,000
	Minnesota & Western Grain company	30,000
	Andrews & Gage	17,000
Grandin	Northwestern Elevator company	55,000
	Minn. & Dak. Elevator company	30,000
	Minneapolis & Nor. Elevator company	100,000
	Rand-Brown Farming company	70,000
Kelso	Minneapolis & Nor. Elevator company	40,000
	Inter-State Grain company	40,000
	State Elevator company	60,000
Alton	Grandin Farm Elevator	60,000
Hague	Minneapolis & Nor. Elevator company	30,000
	Grandin Farm Elevator	60,000
Hillsboro	St. A. & D. Elevator company	50,000
	Northwestern Elevator company	30,000
	Minneapolis & Nor. Elevator company	65,000
	Duluth Elevator company	85,000
Cummings	Minneapolis & Nor. Elevator company	85,000
	Duluth Elevator company	35,000
	National Elevator company	35,000
Buxton	Minneapolis & Nor. Elevator company	100,000
	Inter-State Grain company	30,000
	Duluth Elevator company	20,000
	Ried & Hanson	35,000

ELEVATORS—Continued.

NECHE LINE.—Continued.

Location	Owners	Capacity
Reynolds	Minneapolis & Nor. Elevator company	90,000
	Duluth Elevator company	30,000
	National Elevator company	60,000
	Sowle Elevator	40,000
Thompson	Northwestern Elevator company	85,000
	Minneapolis & Nor. Elevator company	110,000
	Duluth Elevator company	30,000
	National Elevator company	50,000
Merrifield	Inter-State Grain company	50,000
	Duluth Elevator company	50,000
Grand Forks	Duluth Elevator company (1)	60,000
	Duluth Elevator company (2)	25,000
	Duluth Elevator company (3)	20,000
Schurmeier	Duluth Elevator company	20,000
	Inter-State Grain company	6,000
Manvel	St. A. & D. Elevator company	35,000
	Minneapolis & Nor. Elev. company (1)	35,000
	Minneapolis & Nor. Elev. company (2)	12,000
	Duluth Elevator company	25,000
Levant	Minneapolis & Nor. Elevator company	25,000
Ardock	Northwestern Elevator company	25,000
	Minneapolis & Nor. Elevator company	75,000
	Duluth Elevator company	65,000
	State Elevator company	20,000
	Dakota Elevator company (Jacobi)	30,000
Minto	Northwestern Elevator company	30,000
	Minneapolis & Nor. Elevator company	40,000
	Farmers Elevator company	10,000
	Jas. Bell	50,000
	Geo. H. McPherron	10,000
Herriot	Jas. Bell	30,000
Grafton	Northwestern Elevator company	35,000
	Duluth Elevator company	50,000
	Cargill Elevator company	10,000
	W. C. Leistikow (Mill)	40,000
	W. C. Leistikow	30,000
Auburn	Northwestern Elevator company	45,000
	St. A. & D. Elevator company (1)	45,000
	St. A. & D. Elevator company (2)	35,000
	Minneapolis & Nor. Elevator company	45,000
	Duluth Elevator company	45,000
	M. W. Hostetter	12,000
St. Thomas	St. A. & D. Elevator company	50,000
	Minnesota & Dak. Elevator company	55,000
	Minneapolis & Nor. Elevator company	55,000
	Duluth Elevator company	30,000
	National Elevator company	20,000
	O'Connor Bros.	30,000
	O'Connor's Warehouse	10,000
Glasston	Northwestern Elevator company	20,000
	Minneapolis & Nor. Elevator company	65,000
	Inter-State Grain company	35,000
	National Elevator company	30,000
	McCabe Bros.	30,000

ELEVATORS—Continued.

NECHE LINE.—Continued.

Location	Owners	Capacity
Hamilton	Northwestern Elevator company.....	35,000
	St. A. & D. Elevator company.....	45,000
	Minnesota & Dak. Elevator company.	70,000
Bathgate	John Page & Sons.....	40,000
	St. A. & D. Elevator company.....	50,000
	Minnesota & Dak. Elevator company.	60,000
	Minneapolis & Nor. Elevator company	90,000
	I. H. Harris.....	20,000
	Duluth Elevator company (1).....	30,000
Neché.	Duluth Elevator company (2).....	30,000
	Northwestern Elevator company.....	50,000
	St. A. & D. Elevator company.....	35,000
	Minneapolis & Nor. Elevator company	50,000
	Duluth Elevator company.....	50,000
	National Elevator company.....	50,000

PEMBINA COUNTY BRANCH.

Nash.....	St. A. & D. Elevator company.....	40,000
	Duluth Elevator company.....	60,000
	National Elevator company.....	25,000
Hoople	St. A. & D. Elevator company.....	40,000
	State Elevator company.....	20,000
	National Elevator company.....	60,000
	Duluth Elevator company.....	12,000
Crystal	Folsom & Homme.....	30,000
	St. A. & D. Elevator company.....	50,000
	State Elevator company.....	25,000
	National Elevator company.....	60,000
Hensel.....	O'Connor Bros.....	30,000
	State Elevator company.....	25,000
	National Elevator company.....	50,000
	McCabe Elevator company.....	20,000
Cavalier	H. Stong.....	45,000
	Wm. N. Husband.....	20,000
	St. A. & D. Elevator company.....	38,000
	State Elevator company.....	25,000
Backoo	National Elevator company.....	30,000
	McCabe Bros.....	28,000
	Minn. & Dak. Elevator company.....	25,000
Leyden	McCabe Bros.....	25,000
	Imperial Elevator company.....	33,000
Walhalla	O'Connor Bros.....	30,000
	St. A. & D. Elevator company.....	40,000
	State Elevator company.....	40,000
	O'Connor Elevator company.....	30,000

ELEVATORS—Continued.

DEVILS LAKE LINE

Location	Owners	Capacity
Ojata	Duluth Elevator company	35,000
Emerado	St. A. & D. Elevator company	40,000
	Minneapolis & Nor. Elevator company	60,000
	Duluth Elevator company	75,000
	Lewis Emery Jr.	90,000
Arvilla	Minn. & Dak. Elevator company	30,000
	Minneapolis & Nor. Elv. company (1)	125,000
	Minneapolis & Nor. Elv. company (2)	40,000
Larimore	Northwestern Elevator company	30,000
	St. A. & D. Elevator company	30,000
	Minneapolis & Nor. Elevator company	100,000
Niagara	St. A. & D. Elevator company	35,000
	Minneapolis & Nor. Elevator company	50,000
Petersburg	St. A. & D. Elevator company	35,000
	Minneapolis & Nor. Elevator company	30,000
Michigan City	Minneapolis & Nor. Elevator company	60,000
	Duluth Elevator company	30,000
	National Elevator company	50,000
Mapes	St. A. & D. Elevator company	55,000
	Minneapolis & Nor. Elevator company	55,000
	L. Milk	5,000
Lakota	St. A. & D. Elevator company	30,000
	Minneapolis & Nor. Elevator company	50,000
	National Elevator company	30,000
	Tanton & Todd	40,000
Bartlett	St. A. & D. Elevator company (1)	35,000
	St. A. & D. Elevator company (2)	10,000
	Minneapolis & Nor. Elevator company	30,000
	National Elevator company	30,000
Crary	St. A. & D. Elevator company	55,000
	Minneapolis & Nor. Elevator company	65,000
	Duluth Elevator company	35,000
Devils Lake	St. A. & D. Elevator company	55,000
	Minneapolis & Nor. Elevator company	80,000
	National Elevator company	40,000
Grand Harbor	St. A. & D. Elevator company	50,000
	National Elevator company	30,000
	Tanton & Todd	50,000
Penn.	St. A. & D. Elevator company	60,000
	Minneapolis & Nor. Elevator company	50,000
	McLean's Elevator	30,000
Church's Ferry	St. A. & D. Elevator company	40,000
	Imperial Elevator company	30,000
	Heising Elevator company	30,000
Niles	Duluth Elevator company	30,000
Leeds	St. A. & D. Elevator company	25,000
York	St. A. & D. Elevator company	25,000
	H. A. Smith	20,000
Knox	St. A. & D. Elevator company	30,000
Rugby Junction	St. A. & D. Elevator company	30,000
	Heising Elevator company	25,000
Towner	J. R. Stewart	22,000
	H. H. Thompson	8,000
Minot	C. Jacobson	3,000

ELEVATORS.—Continued.

PARK RIVER & LANGDON BRANCH.

Location	Owners	Capacity
Edison's Spur.....	Edison Elevator.....	30,000
McCanna.....	St. A. & D. Elevator company.....	22,000
	Imperial Elevator company.....	30,000
	National Elevator company.....	25,000
Orr.....	St. A. & D. Elevator company.....	60,000
	Minneapolis & Nor. Elevator company.....	60,000
Inkster.....	St. A. & D. Elevator company.....	50,000
	Minneapolis & Nor. Elevator company.....	50,000
	Cargill Elevator company.....	30,000
	Johnson Bros.....	20,000
Conway.....	St. A. & D. Elevator company.....	30,000
	Minneapolis & Nor. Elevator company.....	50,000
	Cargill Elevator company.....	40,000
Pisek.....	St. A. & D. Elevator company.....	60,000
	Minneapolis & Nor. Elevator company.....	60,000
Park River.....	St. A. & D. Elevator company.....	60,000
	Northwestern Elevator company.....	30,000
	Minneapolis & Nor. Elevator company.....	40,000
	Duluth Elevator company.....	50,000
	Imperial Elevator company.....	30,000
Edinburgh.....	St. A. & D. Elevator company.....	40,000
	Northwestern Elevator company.....	30,000
	Minneapolis & Nor. Elevator company.....	40,000
	Duluth Elevator company.....	50,000
	Imperial Elevator company.....	30,000
Union.....	St. A. & D. Elevator company.....	30,000
	Imperial Elevator company.....	30,000
Milton.....	Northwestern Elevator company.....	30,000
	Minneapolis & Nor. Elevator company.....	70,000
	Duluth Elevator company.....	50,000
	Imperial Elevator company.....	30,000
Osnabrock.....	St. A. & D. Elevator company.....	30,000
	Northwestern Elevator company.....	38,000
	Minneapolis & Nor. Elevator company.....	75,000
	Imperial Elevator company.....	30,000
	National Elevator company.....	28,000
Easby.....	St. A. & D. Elevator company.....	33,000
	Cargill Elevator company.....	28,000
Langdon.....	St. A. & D. Elevator company.....	30,000
	Northwestern Elevator company.....	35,000
	Cargill Elevator company.....	30,000
	National Elevator company.....	30,000
	Independent Elevator company.....	30,000
	McHugh & Gardner.....	25,000
Dresden.....	Cargill Elevator company.....	30,000
	Independent Elevator company.....	30,000
	Cargill Warehouse.....	8,000
Wales.....	Northwestern Elevator company.....	30,000
	Westfall Elevator company.....	30,000
Hannah.....	St. A. & D. Elevator company.....	45,000
	Minn. & Dak. Elevator company.....	35,000
	J. G. Daws.....	5,000

ELEVATORS.—Continued.

BOTTINEAU BRANCH.

Location	Owners	Capacity
Barton	St. A. & D. Elevator company	50,000
	Westfall Elevator company	25,000
Willow City	St. A. & D. Elevator company	55,000
	Minneapolis & Nor. Elevator company	25,000
	Heising Elevator company	30,000
	J. R. Stewart & Co.	20,000
Omamee.	St. A. & D. Elevator company	30,000
	Heising Elevator company	30,000
	J. R. Stewart & Co.	25,000
Bottineau	St. A. & D. Elevator company	75,000
	Minneapolis & Nor. Elevator company	65,000
	Imperial Elevator company	45,000
	Heising Elevator company	30,000

CANDO AND ST. JOHN LINE.

Maza	St. A. & D. Elevator company	30,000
	Heising Elevator company	30,000
	R. J. Walker.....	30,000
Cando	St. A. & D. Elevator company	35,000
	Minneapolis & Nor. Elevator company	60,000
	Imperial Elevator company	25,000
	Duluth Elevator company	30,000
	McLaughlin Elevator company	25,000
Considine	Imperial Elevator company	25,000
Bisbee	Minneapolis & Nor. Elevator company	30,000
	St. A. & D. Elevator company	25,000
Perth	St. A. & D. Elevator company	25,000
Rolla	St. A. & D. Elevator company	30,000
	Imperial Elevator company	30,000
	Heising Elevator company	25,000
	O'Laughlin Bros.	25,000
St. John	St. A. & D. Elevator company	20,000

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY CO. }
 OFFICE OF THE GENERAL SUPERINTENDENT. }
 MINNEAPOLIS, MINN., December 16, 1898. }

Mr. J. E. Phelan, Secretary Railroad Commissioners, Bismarck, N. D.:

Dear Sir: Inclosed herewith please find statement showing elevators, owners, location and capacity on the line of the Minneapolis, St. Paul & Sault Ste. Marie Railway company December 1, 1898, as per yours of November 22d.

Yours truly,

C. L. PENNINGTON,
 General Superintendent.

STATEMENT SHOWING ELEVATORS, OWNERS, LOCATION AND CAPACITY ON LINE OF MINNEAPOLIS, ST. PAUL & SAULT STE MARIE RAILWAY COMPANY IN NORTH DAKOTA, DECEMBER, 1898.

Owners.	Location.	Description.	Capacity
Atlantic Elevator Co.....	Fairmount	Elevator	35,000
Atlantic Elevator Co.....	Fairmount	Flat House	12,000
Atlantic Elevator Co.....	Oswald.....	Elevator	20,000
Atlantic Elevator Co.....	Hankinson	Elevator	25,000
Osborne, McMillan Elevator Co...	Hankinson	Elevator	25,000
Atlantic Elevator Co.....	Stiles	Elevator	20,000
Atlantic Elevator Co.....	Lidgerwood	Elevator	30,000
Osborne, McMillan Elevator Co...	Lidgerwood	Elevator	35,000
Atlantic Elevator Co.....	Alicia	Elevator	20,000
Osborne, McMillan Elevator Co...	Alicia	Elevator	20,000
Osborne, McMillan Elevator Co...	Ransom	Flat House	15,000
Atlantic Elevator Co.....	Ransom	Elevator	25,000
Atlantic Elevator Co.....	Perry	Flat House	12,000
Atlantic Elevator Co.....	Forman	Elevator	25,000
Osborne, McMillan Elevator Co...	Forman	Flat House	15,000
Osborne, McMillan Elevator Co...	Towanda	Elevator	20,000
Atlantic Elevator Co.....	Towanda	Flat House	12,000
Atlantic Elevator Co.....	Nicholson	Flat House	12,000
Osborne, McMillan Elevator Co...	Nicholson	Elevator	20,000
Osborne, McMillan Elevator Co...	Babcock	Elevator	20,000
Atlantic Elevator Co.....	Babcock	Flat House	12,000
Atlantic Elevator Co.....	Oakes	Elevator	25,000
Osborne, McMillan Elevator Co...	Norway Spur...	Elevator	25,000
Osborne, McMillan Elevator Co...	Clement	Elevator	25,000
Atlantic Elevator Co.....	Fullerton	Elevator	27,000
Atlantic Elevator Co.....	Fullerton	Flat House	10,000
Atlantic Elevator Co.....	Boynton	Flat House	12,000
Osborne, McMillan Elevator Co...	Kilbernie	Elevator	20,000
Osborne, McMillan Elevator Co...	Merricourt	Elevator	25,000
Osborne, McMillan Elevator Co...	Kulm	Elevator	30,000
Atlantic Elevator Co.....	Kulm	Elevator	25,000
Kulm Elevator Co.....	Kulm	Elevator	15,000
F. C. Brandt.....	Kulm	Elevator	25,000

STATEMENT SHOWING ELEVATORS, ETC.—Continued.

Owners.	Location.	Description.	Capacity
J. Johns	Kulm	Elevator	8,000
M Hiel	Kulm	Elevator	10,000
Gackle	Kulm	Flat House	5,000
Woodworth Elevator Co.	Lehr	Elevator	25,000
Woodworth Elevator Co.	Wishek	Elevator	25,000
Woodworth Elevator Co.	Napoleon	Elevator	25,000
Woodworth Elevator Co.	Braddock	Elevator	25,000
Osborne, McMillan Elevator Co. .	Mantador	Elevator	25,000
Osborne, McMillan Elevator Co. .	Moselle	Elevator	25,000
Atlantic Elevator Co.	Moselle	Elevator	15,000
Osborne, McMillan Elevator Co. .	Sandoun	Flat House	10,000
Osborne, McMillan Elevator Co. .	Venlo	Flat House	10,000
Osborne, McMillan Elevator Co. .	Anselm	Elevator	25,000
Atlantic Elevator Co.	Anselm	Elevator	15,000
Atlantic Elevator Co.	Enderlin	Elevator	20,000
Royal Elevator Co.	Enderlin	Elevator	30,000
Osborne, McMillan Elevator Co. .	Enderlin	Elevator	25,000
Osborne, McMillan Elevator Co. .	Lucca	Elevator	20,000
Atlantic Elevator Co.	Lucca	Elevator	20,000
Atlantic Elevator Co.	Fingal	Elevator	15,000
Osborne, McMillan Elevator Co. .	Fingal	Elevator	25,000
Royal Elevator Co.	Fingal	Elevator	25,000
Atlantic Elevator Co.	Cuba	Elevator	15,000
Osborne, McMillan Elevator Co. .	Cuba	Elevator	20,000
Atlantic Elevator Co.	Lanona	Elevator	20,000
Osborne, McMillan Elevator Co. .	Lanona	Elevator	25,000
Osborne, McMillan Elevator Co. .	Valley City	Elevator	20,000
Atlantic Elevator Co.	Valley City	Elevator	20,000
Osborne, McMillan Elevator Co. .	Faust	Elevator	20,000
Osborne, McMillan Elevator Co. .	Rogers	Elevator	20,000
Osborne, McMillan Elevator Co. .	Leal	Elevator	20,000
Royal Elevator Co.	Leal	Elevator	30,000
Royal Elevator Co.	Wimbledon	Elevator	25,000
Atlantic Elevator Co.	Wimbledon	Elevator	27,000
Osborne, McMillan Elevator Co. .	Wimbledon	Elevator	20,000
Osborne, McMillan Elevator Co. .	Courtenay	Elevator	25,000
Atlantic Elevator Co.	Courtenay	Elevator	27,000
Royal Elevator Co.	Courtenay	Elevator	25,000
Royal Elevator Co.	Kensal	Elevator	25,000
Atlantic Elevator Co.	Kensal	Elevator	27,000
Osborne, McMillan Elevator Co. .	Kensal	Elevator	20,000
Osborne, McMillan Elevator Co. .	Bordulac	Elevator	20,000
Atlantic Elevator Co.	Bordulac	Elevator	22,000
Casey	Bordulac	Elevator	50,000
Osborne, McMillan Elevator Co. .	Carrington	Elevator	20,000
Osborne, McMillan Elevator Co. .	Lemert	Elevator	20,000
Osborne, McMillan Elevator Co. .	Cathay	Elevator	25,000
Royal Elevator Co.	Cathay	Elevator	25,000
Lloyd & Robinson	Cathay	Elevator	20,000
Osborne, McMillan Elevator Co. .	Emrick	Elevator	25,000
Wm. Delaney	Emrick	Elevator	7,500
Royal Elevator Co.	Fessenden	Elevator	25,000
Regan & Lyness	Fessenden	Elevator	25,000
Osborne, McMillan Elevator Co. .	Fessenden	Elevator	25,000
Dakota Elevator Co.	Fessenden	Elevator	15,000
Eureka Elevator Co.	Fessenden	Elevator	9,000

Owners	Location	Description	Capacity
Royal Elevator Co.....	Manfred	Elevator	25,000
Osborne, McMillan Elevator Co...	Manfred	Elevator	20,000
Royal Elevator Co.....	Harvey.....	Elevator	25,000
Osborne, McMillan Elevator Co...	Harvey.....	Elevator	25,000
A. J. Sayre.....	Harvey.....	Elevator	18,000
Osborne, McMillan Elevator Co...	Velva	Flat House	10,000

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.,
 Ass't GEN'L SUPERINTENDENT'S OFFICE—NORTHERN DIST. }
 MINNEAPOLIS, December 10, 1898. }

Mr. J. E. Phelan, Secretary, Bismarck, N. D.:

Dear Sir: As requested in your favor of November 22d, I hand you herewith corrected list of grain elevators and loading platforms on our line in North Dakota at the present time.

Yours truly,

W. J. UNDERWOOD,
 Ass't Gen'l Sup't.

GRAIN ELEVATORS AND LOADING PLATFORMS.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

Owned by	Building	Capacity
Fargo—		
National Elevator company	Warehouse	15,000
Saunders—		
National Elevator company .....	.....	2,000
(One grain loading platform 12x30; two inclines 12x14.)		
Wild Rice—		
National Elevator company	Elevator	25,000
Crown Elevator company .....	.....	10,000
S. Strong & Co.....	.....	15,000
G. D. Brown.....	Warehouse	8,000
(One grain loading platform 12x32; two inclines 12x24.)		
Hickson—		
National Elevator company	Elevator and Warehouse	30,000
Crown Elevator company	Elevator	15,000
Jacobson & Hicks.....	.....	20,000
(One grain loading platform 24x30; two inclines 12x24.)		
Christine—		
National Elevator company .....	.....	40,000
Miller Brothers.....	.....	25,000
Minn. and Dak. Elevator company...	Warehouse	10,000
Crown Elevator company .....	.....	10,000
(One grain loading platform 12x30; two inclines 12x20.)		

GRAIN ELEVATORS AND LOADING PLATFORMS.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

Owned by	Building	Capacity
Enloe—		
National Elevator company	Elevator	15,000
(One grain loading platform 12x32; two inclines 12x20.)		•
Abercrombie—		
National Elevator company .....	.....	40,000
Minn. and Dak. Elevator company ....	.....	10,000
Crown Elevator company .....	.....	13,000
(One grain loading platform 12x32; two inclines 12x24.)		
Wahpeton—		
Crown Elevator company .....	.....	20,000
(Machinery platform used for loading grain 24x48; two inclines 12x24.)		
Tyler, three miles north—		
(One grain loading platform 12x32; two inclines 12x24.)		
Tyler—		
S. Strong & Co .....	.....	20,000
National Elevator company .....	.....	20,000
(One grain loading platform 12x30; two inclines 12x20.)		
Fairmount—		
National Elevator company .....	.....	45,000
W. H. Blake & Son .....	.....	10,000
Blackmer—		
(One grain loading platform 12x32; two inclines 12x30.)		
Harlem—		
Empire Elevator company	Elevator	25,000
National Elevator company .....	.....	20,000
Crown Elevator company	Elevator and Warehouse	15,000
Unknown (closed)	Warehouse	5,000
(One grain loading platform 12x32; two inclines 12x24.)		
Cogswell—		
National Elevator company	Elevator	18,000
Empire Elevator company	Elevator and Warehouse	22,000
(One grain loading platform 12x28; two inclines 12x28.)		
Brampton—		
Empire Elevator company	Warehouse	10,000
Crown Elevator company .....	.....	10,000
(One grain loading platform 12x32; two inclines 12x20.)		
Edgeley—		
G. C. Bagley Elevator company	Elevator	12,000
Whallon & Co	Warehouse	5,000
(One grain loading platform 70 feet long, level with ground on one side.)		
Monango—		
W. A. Cadwell	Elevator	20,000
Empire Elevator company	Warehouse	12,000

Owned by	Building	Capacity
W. A. Cadwell..... (One grain loading platform 70 feet long, 12 feet wide.)	.....	12,000
Duane— Empire Elevator company .....	.....	6,000
(One grain loading platform 70 feet long, 12 feet wide.)		
Ellendale— Whallon & Co.....	Elevator	30,000
Empire Elevator company .....	.....	30,000
Crown Elevator company .....	.....	30,000
Crown Elevator company	Warehouse	8,000
Ellendale Mill company.....	.....	8,000
(One platform for loading and unload- ing 24x48 feet.)		

PART II.

ANNUAL REPORTS

OF

Railroads Operating in North Dakota

FOR

Fiscal Year Ending June 30, 1898.

Ra Com 1*

ANNUAL REPORT
OF THE
NORTHERN PACIFIC RAILWAY COMPANY
TO THE
RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Name of common carrier making this report? Northern Pacific Railway company.
Date of organization? Chartered by state of Wisconsin, March 15, 1870; amended January 21, 1871; March 6, 1871, and April 15, 1895.
Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. See above. Original name, Superior and St. Croix Railroad company; changed July, 1896, by resolution of stockholders and directors, to Northern Pacific Railway Company.
If a consolidated company, name the constituent companies. Give reference to charters of each, and all amendments of same. Not a consolidated company.

ORGANIZATION.

Name of Directors	Post Office Address	Date of Expiration of Term
Edward D. Adams	New York	October, 1898
Dumont Clark	New York	October, 1898
Charles H. Coster	New York	October, 1898
Robert M. Galloway	New York	October, 1898
Brayton Ives	New York	October, 1898
D. Willis James	New York	October, 1898
Daniel S. Lamont	New York	October, 1898
Charles S. Miller	St. Paul	October, 1898
John G. Moore	New York	October, 1898
Walter G. Oakman	New York	October, 1898
Oliver H. Payne	New York	October, 1898
Samuel Spencer	New York	October, 1898
Francis Lynde Stetson	New York	October, 1898
James Stillman	New York	October, 1898
Eber B. Thomas	New York	October, 1898

Total number of stockholders at date of last election? Twenty.
Date of last meeting of stockholders for election of directors? October 5, 1897.
Give post office address of general office? St. Paul, Minn.
Give post office address of operating office? St. Paul, Minn.
Give name and address of officer to whom correspondence regarding this report should be addressed? Name, H. A. Gray. Title, comptroller. Address, St. Paul, Minn.

[NORTHERN PACIFIC RAILWAY CO.]

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President.....	C. S. Miller.....	St. Paul
First vice-president.....	Daniel S. Lamont.....	New York
Secretary.....	Geo. H. Earl.....	New York
Treasurer.....	Charles A. Clark.....	New York
General counsel.....	Francis Lynde Stetson.....	New York
Associate general counsel.....	Wm. Nelson Cromwell.....	New York
	Charles W. Burr.....	St. Paul
Comptroller.....	H. A. Gray.....	St. Paul
Auditor.....	M. P. Martin.....	St. Paul
General manager.....	J. W. Kendrick.....	St. Paul
Chief engineer.....	E. H. McHenry.....	St. Paul
General superintendent.....	M. C. Kimberly.....	St. Paul
Asst. general superintendent.....	W. G. Pearce.....	Tacoma
	A. E. Law.....	Minneapolis
	A. J. Sovereign.....	Staples
	M. M. Flower.....	St. Paul
	E. C. Blanchard.....	Duluth
	G. W. Vanderslice.....	Winnipeg
Division superintendents..	C. J. Wilson.....	Jamestown
	F. E. Potter.....	Glendive
	H. J. Horn, Jr.....	Livingston
	Chas. Russell.....	Missoula
	F. W. Gilbert.....	Spokane
	E. J. Pearson.....	Tacoma
Superintendent of telegraph.	O. C. Greene.....	St. Paul
Traffic manager.....	J. M. Hannaford.....	St. Paul
General freight agent.....	S. L. Moore.....	St. Paul
Asst. general freight agent.....	S. G. Fulton.....	Portland
General passenger agent.....	Chas. S. Fee.....	St. Paul
General ticket agent.....	Chas. S. Fee.....	St. Paul
Asst. general ticket agent.....	A. L. Craig.....	St. Paul
General baggage agent.....	W. H. Lowe.....	St. Paul
Land commissioner.....	Wm. H. Phipps.....	St. Paul

[NORTHERN PACIFIC RAILWAY CO.]

PROPERTY OPERATED.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED
IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
1 A. Northern Pacific Ry.	Ashland & St. Paul	Portland	2,329.43	
Sundry Spurs	1/2 track owned Duluth and Carl	jointly between ton	85.83 11.46	
1 B. Branch Lines and Spurs	1/2 spurs owned luth & Superior	jointly in Du-	2,068.79 3.70	2,426.72
5. Total represented by capital stock				2,072.49
St. P. Union Depot Co.	in St. Paul . . . . .		.56	4,499.21
Minn. Transfer Ry. Co.	in St. Paul		1.03	
C. M. & St. P. Ry. Co.	in Minneapolis.. . . .		.57	
Duluth Union Depot Co.	in Duluth . . . . .		.25	
C. & N. W. Ry. Co.	in Ashland . . . . .		.33	
N. P. Terminal Co.	in Portland . . . . .		.92	
Minneapolis & St. L. Ry	in Minneapolis.. . . .		1.62	
Montana Central Ry.	Wickes.	Amazon	4.81	
5. Tracks Owned Jointly				10.09
N. P. Ry. Co. & St. P. & Dul. R. R. Co.	Duluth	Carlton	22.92	
Sundry Spurs in	Dul & Superior		7.39	
			30.31	
Less 1/2 shown above			15.16	15.15
Total				4,524.45

PROPERTY OPERATED—STATE OF NORTH DAKOTA.

1 A. Main Line	Minn. State Line	Mont. State Line		376.93
1 B. Main Lines:				
Red River & Winnipeg.	Dak. State Line.	Int'l Boundary..	96.24	
Fergus Falls	Dak. State Line.	Milnor	42.08	
Fairview	Fairview Junc..	Bayne	13.79	
Fargo & Southwestern.	Fargo	Edgeley	108.71	
James River	Jamestown	LaMoure	48.55	
Oakes	Valley Junc..	Oakes	15.20	
Cooperstown	Sanborn	Cooperstown	36.75	
Devils Lake	Jamestown	Leeds	107.65	
Sykeston	Carrington	Sykeston	12.97	
Main Line Spurs			9.60	481.94
Branch Line Spurs			1.95	
				11.55
Total				870.42

[NORTHERN PACIFIC RAILWAY CO.]

BRANCH LINES.

Company's Original Report, Page 9B.

Branch Lines	Main Track	Branches	Total
Little Falls & Dakota Branch.....	87.78	3.00	90.78
Fergus Falls Branch.....	117.05	.18	117.23
Red River & Winnipeg Branch.....	257.66	.67	258.33
Red Lake Falls Branch.....	55.25	1.04	56.29
Winnipeg Transfer Railway.....	1.24	.....	1.24
Keystone Branch.....	6.01	.....	6.01
Fairview Branch.....	13.79	1.05	14.84
Fargo & Southwestern Branch.....	108.71	.13	108.84
James River Branch.....	48.55	.....	48.55
Oakes Branch.....	15.20	.....	15.20
Cooperstown Branch.....	36.75	.....	36.75
Devils Lake Branch.....	107.65	.....	107.65
Sykeston Branch.....	12.97	.....	12.97
Brandon Branch.....	145.24	.17	145.41
Portage la Prairie Branch.....	52.52	.....	52.52
Rocky Fork Branch.....	44.37	1.10	45.47
Park Branch.....	51.45	2.08	53.48
Cokedale Branch.....	3.59	.45	4.04
Butte Line.....	70.88	.77	71.65
Gaylord & Ruby Valley Branch.....	5.71	.....	5.71
Red Bluff Branch.....	20.90	.15	21.05
Pony Branch.....	7.09	.....	7.09
Boulder Branch.....	45.69	.38	46.07
Wickes Branch.....	5.83	1.23	7.06
Elkhorn.....	20.12	1.25	21.37
Red Mountain Branch.....	16.52	1.64	18.16
Marysville Branch.....	12.58	.....	12.58
Phillipsburg Branch.....	32.12	2.88	35.00
Bitter Root Branch.....	50.85	2.14	52.99
Coeur d'Alene Line.....	139.54	1.80	141.34
Burke Branch.....	6.84	1.03	7.87
Fort Sherman Branch.....	13.65	.62	14.27
Palouse & Lewiston Branch.....	117.53	2.20	119.73
Genesee Branch.....	27.52	.44	27.96
Farmington Branch.....	5.94	.....	5.94
Roslyn Branch.....	5.41	.07	5.48
Green River Branch.....	10.62	1.25	11.87
Burnett Branch.....	3.73	.46	4.19
Wilkeson Branch.....	9.43	.56	9.99
Crocker Branch.....	5.29	.08	5.37
Orting Branch.....	7.64	3.23	10.87
Seattle Line.....	31.53	2.26	33.79
Elma Branch.....	9.99	.29	10.28
Olympia Branch.....	56.43	.57	57.00
Gray's Harbor Branch.....	53.29	1.17	54.46
Aberdeen Branch.....	2.61	.26	2.67
Cosmopolis Branch.....	1.62	.09	1.71
South Bend Branch.....	56.68	.69	57.37
Lake Washington Branch.....	12.10	.....	12.10
Total.....	2,031.46	37.33	2,068.79

[NORTHERN PACIFIC RAILWAY CO.]

CAPITAL STOCK.

Company's Original Report, Page 17.

Description	Number of Shares Author- ized	Par Value of Shares	Total Par Value Authorized	Total Amount Issued and Outstanding	Dividends Declared Dur- ing Year	
					Rate	Amount
Capital Stock:						
Common	800,000	\$ 100	\$ 80,000,000	\$ 80,000,000	.....	None
Preferred	750,000	100	75,000,000	75,000,000	4 per cent per annum	\$ 3,000,000
Total	1,550,000	.....	\$ 155,000,000	\$ 155,000,000	.....	\$ 3,000,000

Manner of Payment for Capital Stock	No. of Shares Issued During Year	Total Num- ber Shares Issued and Outstanding	Total Cash Realized
Issued for N. P. R. R. company's property reorganization: Common	800,000	800,000	\$ 80,000,000
Preferred	750,000	750,000	75,000,000
Total	1,550,000	1,550,000	\$ 155,000,000

[NORTHERN PACIFIC RAILWAY CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS, AND INCOME BONDS.

Company's Original Report, Page 19.

Class of Bond or Obligation	Time		Amount of Authorized Issue	Amount Issued	Amount Outstanding	Cash Realized On Amount Issued	Rate	Interest		
	Date of Issue	When Due						When Payable	Amt. Accrued During Year	Amt. Paid During Year
N. P. R. R. Co.—										
Mo. Div. mgtg.	1879	1919	\$	\$	Retired .....	.....	6	Jan., July.	\$ 35,100	\$ 54,990 00
General mgtg.	1881	1921	.....	.....	\$ 9,180,000 .....	.....	6	Jan., July.	633,370	818,970 00
S. L. P. & N. P. Ry. Co.—										
General mgtg.	1883	1923	.....	.....	8,003,000 .....	.....	6	Feb., Aug.	480,180	480,105 00
General mortgage ..	1877	1907	.....	.....	420,000 .....	.....	7	May, Nov.	23,400	29,340 00
Westn. R. R. Co. mgtg.	1877	1907	.....	.....	.....	.....	4	Jan., April, July, Oct.,	3,304,110	3,194,884 00
N. P. Ry. Co.—										
Prior lien mgtg.	1887	1907	130,000,000	86,131,400	86,131,400	.....	3	Feb., May, Aug., Nov.,	1,586,300	1,588,252 50
General lien mgtg.	1887	2047	60,000,000	56,000,000	56,000,000	.....	3	Aug., Nov.,	1,586,300	1,588,252 50
Total:										
Mortgage bonds			\$ 180,000,000	\$ 142,131,400	\$ 139,743,400	.....			\$ 6,079,160	\$ 6,170,941 50
Grand total			\$ 180,000,000	\$ 142,131,400	\$ 139,743,400	.....			\$ 6,079,160	\$ 6,170,941 50

NOTE.—The first four classes of bonds were assumed by the Northern Pacific Railway company September 1, 1893. The prior lien and general lien bonds were issued in payment for the property, for retiring the bonds assumed and for improvements and betterments and new mileage construction since September 1, 1893.

[NORTHERN PACIFIC RAILWAY CO.]

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amt Issued	Amount Out-standing	Interest	
			Amt Accru'd During Year	Amt Paid During Year
Mortgage bonds—Page 19.....	\$ 159,743,400	\$ 159,743,400	\$ 6,079,160	\$ 6,170,941 50
Total.....	\$ 159,743,400	\$ 159,743,400	\$ 6,079,160	\$ 6,170,941 50

[NORTHERN PACIFIC RAILWAY CO.]

CURRENT ASSETS AND LIABILITIES.

Company's Original Report, Page 23.

Cash and Current Assets Available for Payment of Current Liabilities		Current Liabilities Accrued to and Including June 30, 1898.	
Cash	\$ 8,630,933 72	Audited vouchers and accounts.....	\$ 1,541,446 18
Bills receivable.....	304,664 13	Wages and salaries.....	957,418 62
Due from agents.....	667,831 06	Dividends not yet payable..	750,000 00
Due from solvent companies and individuals.....	986,826 18	Matured interest coupons unpaid (including coupons due July 1).....	1,180,596 50
Net traffic balances due from other companies.....	339,076 27	Taxes.....	435,742 98
Other cash assets (excluding "Materials and Supplies")*		Miscellaneous.....	100,060 25
Total.....	\$ 10,959,331 36	Total—Cash Liabilities..	\$ 4,965,264 51
		Balance—Cash Assets....	5,994,066 85
		Total.....	\$ 10,959,331 36

* Materials and Supplies on hand, \$1,664,404.42. (See General Balance Sheet, Page 49.)

[NORTHERN PACIFIC RAILWAY CO.]

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment to Railroads	Amount Per Mile of Line	
			Miles	Amount
Capital stock—Page 17.....	\$ 155,000,000	\$ 155,000,000	4,499.21	\$ 34,450
Bonds—Page 19 ("Grand Total").....	159,743,400	159,743,400	4,499.21	35,505
Total	\$ 314,743,400	\$ 314,743,400	4,499.21	\$ 69,955

B. FOR MILEAGE OPERATED BY ROAD MAKING THIS REPORT (TRACKAGE RIGHTS EXCLUDED), THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

Company's Original Report, Page 25.

Name of Road	Capital Stock	Funded Debt	Total	Amount Per Mile of Line	
				Miles	Amount
Northern Pacific Railway company.....	\$ 155,000,000	\$ 159,743,400	\$ 314,743,400	4,499.21	\$ 69,955
Total.....	\$ 155,000,000	\$ 159,743,400	\$ 314,743,400	4,499.21	\$ 69,955

[NORTHERN PACIFIC RAILWAY CO.]
COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.
 Company's Original Report, Page 29A.

Item.	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898
	Included in Operating Expenses	Not Included in Operating Expenses			
		Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment		
Construction:					
Purchased at foreclosure	\$	\$	\$	\$298,947,706 35	
Engineering	157 61	184,953 64	28,216 60		
Right of way and station grounds	75 12	2,879 22	40,093 18		
Real estate		2,967 51	1,398 84		
Grading	90,283 43	20,757 21	341,856 87		
Tunnels	6,837 17	3,996 16	52,366 77		
Bridges, trestles and culverts	90,082 18	5,003 58	227,482 81		
Ties	2,878 92	13,467 01	41,496 09		
Rails	111,372 74		114,397 92		
Track fastenings	3,815 85		20,693 06		
Frog and switches			7,328 15		
Ballast			2,978 78		
Track laying and surfacing			34,692 72		
Fencing right of way			64,176 37	819,124 82	
Crossings, cattle guards and signs			1,027 07		
Station buildings and fixtures			6,068 02		
Shops, roundhouses and turntables			28,357 75		
Docks and wharves			10,746 37		
Other items			96,352 35		
Miscellaneous structures			758 98		
Purchase S. L. S. & E. R. securities			4,433,713 21		
Net proceeds of land department			3,624,712 96		
Material taken from abandoned line			11,150 38		
Total construction	\$	\$ 484,907 35	\$1,859,628 73	\$294,766,830 67	\$ 296,626,450 40

Owing to change in distribution it is impracticable to give totals by accounts to June 30, 1898.

Cost Per Mile.—Inasmuch as property purchased at foreclosure embraced nearly 31,000,000 acres of land, it would be manifestly misleading to figure cost per mile on the amount shown.

[NORTHERN PACIFIC RAILWAY CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS--Continued.

Company's Original Report, Page 29B.

Item	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses				
		Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment			
Equipment:						
Purchased at foreclosure.....	\$	\$	\$	\$ 12,692,190 00	\$ 12,692,180 00	
Locomotives.....	225,209 23	80,785 49	345,994 72	
Freight cars.....	29,700 70	32,802 10	110,007 79	171,809 89	
Other cars of all classes.....	1,101 30	.....	82,235 73	32,235 73	
General appropriation.....	296,000 00	.....	.....	.....
Total Equipment.....	\$	\$ 326,802 00	\$ 278,011 33	\$ 12,924,208 01	\$ 13,202,220 34	
Total Construction, Page 29A.....	484,907 85	1,839,628 73	294,766,830 67	296,626,459 40	
Grand Total Cost Construction, Equipment, etc.....	\$	\$ 811,709 85	\$ 2,137,640 06	\$307,691,038 68	\$309,623,679 74	

[NORTHERN PACIFIC RAILWAY CO.]

INCOME ACCOUNT.

Company's Original Report, Page 31.

Gross earnings from operation—Page 35.....	\$ 23,659,142 42	
Less operating expenses—Page 45.....	11,074,795 02	
Income from Operation.....		\$12,584,347 40
Dividends on stocks owned—Page 37.....	\$ 74,144 92	
Interest on bonds owned—Page 39.....	321,870 61	
Miscellaneous income—less expenses—Page 41.....	491,181 02	
Income from Other Sources.....		887,196 55
Total Income.....		\$13,471,513 95
Deductions from Income:		
Interest on funded debt, accrued—Page 23.....	\$ 6,079,160 00	
Taxes.....	682,900 00	
Permanent improvements—Page 29B.....	811,709 35	
Total Deductions from Income.....		7,573,669 35
Net Income.....		\$ 5,897,874 60
Dividends, 4 per cent, preferred stock—Page 17.....	\$ 3,000,000 00	
Total.....		3,000,000 00
Surplus from operations of year ending June 30, 1898.....		\$ 2,897,874 60
Surplus on June 30, 1897, (from "General Balance Sheet," 1897 Report).....		489,828 90
Additions for year.....		\$ 3,387,703 50
Deductions for year, reserved for dividends on preferred stock.....		3,000,000 00
Surplus on June 30, 1898, (for entry on "General Balance Sheet," Page 51).....		\$ 387,703 50

[NORTHERN PACIFIC RAILWAY CO.]

EARNINGS FROM OPERATION,

STATE OF NORTH DAKOTA.

Company's Original Report, Page 33.

Item	Total Receipts	Deductions, account Repaymt's, Etc.	Actual Earnings
Passenger:			
Passenger revenue.....	\$ 675,973 51		
Less Repayments—			
Tickets redeemed.....		\$ 4,264 99	
Other repayments.....		13,934 58	
Total Deductions.....		\$ 18,199 57	
Total Passenger Revenue.....			\$ 657,773 94
Mail.....			134,864 60
Express.....			65,049 99
Extra baggage and storage.....			14,625 72
Other items.....			14,423 68
Total Passenger Earnings.....			\$ 886,737 93
Freight:			
Freight revenue.....	\$2,679,941 15		
Less Repayments—			
Overcharge to shippers.....		\$ 11,604 35	
Total Deductions.....		\$ 11,604 35	
Total Freight Revenue.....			\$ 2,668,336 80
Other items.....			1,206 85
Total Freight Earnings.....			\$ 2,669,543 65
Total Passenger and Freight Earnings..			\$ 3,556,281 58
Other Earnings from Operation:			
Switching charges—Balance.....	\$ 2,477 22		
Telegraph companies.....	7,969 13		
Rents not otherwise provided for.....	10,208 64		
Other sources.....	6,163 80		
Total other Earnings.....			\$ 26,818 79
Total Gross Earnings from Operation—North Dakota.....			\$ 3,583,100 37
Total Gross Earnings from Operation—Entire Line.....			23,659,142 42

[NORTHERN PACIFIC RAILWAY CO.]

STOCKS OWNED.

A. RAILWAY STOCKS.

Company's Original Report, Page 37.

Name	Total Par Value	Income or Dividend Received	Valuation
Northern Pacific Railway company, common.....	\$1,137,500 00	\$.....	\$ 113,750 00
Northern Pacific Railway company, preferred.....	.....	40,883 00	.....
Oregon Railroad & Navigation company.....	2,391,050 00	119,552 50	1,082,923 50
Washington & Colorado River Railway company.....	3,000,000 00	.....	1 00
Montana Union Railway company.....	850,000 00	102,184 04	356,560 57
Montana Railway company.....	420,000 00	.....	234,373 72
Central Washington Railway.....	1,500,000 00	.....	1 00
Cent. Wash. Railway, reorganization certificates.....	400,000 00	.....	80,000 00
Portl'd & Puget S'nd R. E., certfs. of indebt'd'n's.....	969,245 98	.....	100,000 00
Total.....	\$10,667,795 98	\$ 262,599 54	\$ 1,967,609 79

B. OTHER STOCKS.

Northwestern Improvement company.....	\$2,775,000 00	\$.....	\$ 775,000 00
Puget Sound and Alaska Steamship company.....	600,000 00	59,271 07	60,000 00
Superior Consolidated Land company.....	629,100 00	.....	10,000 00
Tacoma Land company.....	500,050 00	.....	10,000 00
Sundry Stocks valued at \$1 each lot.....	1,614,428 12	.....	15 00
Total.....	\$ 6,118,576 12	\$ 59,271 07	\$ 855,015 00
Grand Total- A and B.....	\$16,786,372 10	\$ 321,870 61	\$ 2,822,624 79

BONDS OWNED.

A. RAILWAY BONDS.

Company's Original Report, Page 39.

Name	Total Par Value	Income or Interest Received	Valuation
Northern Pacific Railway Co., general lien.....	\$2,210,000 00	\$.....	\$ 1,325,086 80
Northern Pacific Railway Co., prior lien.....	1,600 00	.....	1,600 00
Washington & Colorado River Railway.....	2,245,000 00	42,275 02	592,315 25
Central Washington Railway.....	30,000 00	.....	6,000 00
Minnesota Transfer Railway company.....	.....	4,603 24	.....
St. Paul East Grand Trunk Railway.....	.....	600 00	.....
Total.....	\$4,486,600 00	\$ 47,478 26	\$ 1,925,002 05

B. OTHER BONDS.

Northwestern Improvement company.....	\$1,000,000 00	\$ 26,666 66	\$ 1,000,000 00
City of Ashland, Wisconsin.....	2,300 00	.....	2,300 00
Superior Consolidated Land company.....	31,000 00	.....	15,500 00
Total.....	\$1,033,300 00	\$ 26,666 66	\$ 1,017,800 00
Grand Total.....	\$5,519,900 00	\$ 74,144 92	\$ 2,942,802 05

[NORTHERN PACIFIC RAILWAY CO.]

RENTALS RECEIVED.

RENTS RECEIVED FROM LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 41.

Designation of Property	Situation of Property Leased	Name of Company Using Property Leased	Item
Tracks, Yards and Terminals.....	St. Paul & Minneapolis	Minn. & St. Louis Ry.....	\$ 54,138 08
	St. Paul & Minneapolis	Soo Line.....	82,647 63
	St. Paul & Minneapolis	Chicago, G. Western Ry....	33,515 44
	St. Paul & Minneapolis	Wisconsin Central Ry.....	19,901 26
	St. Paul & Minneapolis	Minneapolis Belt Ry.....	1,827 00
	West Superior.....	C., St. P., M. & O. Ry.....	703 20
	West Superior.....	Eastern Ry. of Minn.....	3,000 00
	Duluth.....	Duluth, Missaba & N. Ry....	750 00
	Duluth.....	Duluth, Sup. & Western Ry..	3,133 79
	Duluth.....	Duluth & Iron Range Ry....	352 80
	Duluth & W. Superior..	Duluth S. S. & A. Ry.....	2,865 17
	Brainerd.....	Brd. & Nor. Minn. Ry.....	26 32
	Fergus Falls.....	Great Northern Ry. Line...	9,555 00
	Huntley, Mont.....	C., B. & O. Ry.....	13,119 49
	Seattle.....	Col. & Puget Sound Ry....	2,685 83
	Spokane.....	Central Washington Ry....	2,848 12
	Portland.....	Astoria & Col. River Ry...	3,006 16
	Grand Total Rents Received.....		\$234,104 49

[NORTHERN PACIFIC RAILWAY CO.]

MISCELLANEOUS INCOME.

Company's Original Report, Page 41.

Item	Gross Income	Less Expenses	Net Miscellaneous Income
Int. on bank balances and sundry accounts...	\$ 144,629 26		
Interest on cost St. Louis River bridge.....	12,745 74		
Royalty and net receipts from operating department lands.....	4,693 84		
Stock yards receipts and rentals.....	7,050 55		
Dividends from suspended banks previously charged off.....	952 75		
Income from securities held by trustee of prior lien mortgage as part of estate.....	321,118 88		
Total.....	\$ 491,181 02		\$ 491,181 02

[NORTHERN PACIFIC RAILWAY CO.]

OPERATING EXPENSES.

Company's Original Report, Pages 43-45.

Item.	Amount
Maintenance of Way and Structures:	
Repairs of roadway.....	\$ 1,668,240 01
Renewals of rails.....	136,428 85
Renewals of ties.....	485,254 19
Repairs and renewals of bridges and culverts.....	481,338 51
Repairs and renewals of fences, road crossings, signs and cattle guards.....	46,121 52
Repairs and renewals of buildings and fixtures.....	247,298 59
Repairs and renewals of docks and wharves.....	18,178 83
Repairs and renewals of telegraph.....	48,149 06
Stationery and printing.....	2,616 18
Other expenses.....	3,890 31
Total.....	\$ 3,137,504 05
Maintenance of Equipment:	
Superintendence.....	\$ 74,468 13
Repairs and renewals of locomotives.....	502,104 40
Repairs and renewals of passenger cars.....	218,912 78
Repairs and renewals of freight cars.....	679,141 95
Repairs and renewals of work cars.....	37,385 87
Repairs and renewals of marine equipment.....	841 44
Repairs and renewals of shop machinery and tools.....	73,300 67
Stationery and printing.....	3,045 43
Other Expenses.....	112,564 67
Total.....	\$ 1,721,765 34
Conducting Transportation:	
Superintendence.....	\$ 266,075 39
Engine and roundhouse men.....	1,079,475 58
Fuel for locomotives.....	1,017,697 44
Water supply for locomotives.....	81,930 55
Oil, tallow and waste for locomotives.....	28,011 09
Other supplies for locomotives.....	15,739 83
Train service.....	724,606 04
Train supplies and expenses.....	158,428 69
Switchmen, flagmen and watchmen.....	277,317 23
Telegraph expenses.....	623,965 00
Station service.....	679,111 19
Station supplies.....	48,815 95
Car mileage—Balance.....	57,979 06
Loss and damage.....	78,862 89
Injuries to persons.....	74,987 21
Clearing wrecks.....	15,057 65
Operating marine equipment.....	38,390 11
Advertising.....	72,966 75
Outside agencies.....	232,233 64
Commissions.....	69,012 41
Stock yards and elevators.....	439 11
Rents for tracks, yards and terminals—Page 47B.....	158,014 68
Rents of buildings and other property.....	4,381 19
Stationery and printing.....	37,555 52
Other expenses.....	20,050 97
Total.....	\$ 5,552,089 17
General Expenses:	
Salaries of general officers.....	\$ 127,197 79
Salaries of clerks and attendants.....	180,432 54
General office expenses and supplies.....	51,598 48
Insurance.....	72,482 12
Law expenses.....	121,402 44
Stationery and printing (general offices).....	20,273 05
Other expenses.....	90,070 04
Total.....	\$ 663,456 46

Ru Com 2*

[NORTHERN PACIFIC RAILWAY CO.]

OPERATING EXPENSES—Continued.

Company's Original Report, Pages 43-45.

Item	Amount
Recapitulation of Expenses:	
Maintenance of way and structures.....	\$ 3,137,504 05
Maintenance of equipment.....	1,721,765 34
Conducting transportation.....	5,552,069 17
General expenses.....	663,456 46
Grand Total.....	\$ 11,074,795 02
Percentage of Expenses to Earnings—Entire Line, 46.81 Per Cent.	
Operating Expenses—State of North Dakota:	
Maintenance of way and structures.....	\$ 600,196 67
Maintenance of equipment.....	320,842 44
Conducting transportation.....	842,882 37
General expenses.....	100,824 57
Total.....	\$ 1,864,716 05
Percentage of Expenses to Earnings—North Dakota, 52.04 Per Cent.	

[NORTHERN PACIFIC RAILWAY CO.]

RENTALS PAID.

B. RENTS PAID FOR LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 47.

Designation of Property	Situation of Property Leased	Name of Company Owning Property Leased	Total
Passenger facilities..	Minneapolis.....	C. M. & St. P. Ry.....	\$ 10,999 92
" "	Duluth.....	Duluth Union Depot Co.....	11,265 64
" "	St. Paul.....	St. Paul Union Depot Co.....	12,191 70
Terminal facilities..	Portland.....	N. P. Terminal Co.....	104,242 30
" "	Minnesota Transfer	Minnesota Transfer Ry. Co.....	39,933 73
" "	West Superior.....	L. S. T. & T. Ry. Co.....	8,056 40
" "	Ashland.....	Chicago & Northwest'n Ry. Co.	3,102 05
" "	Winnipeg.....	La Corporation de St. Boniface	916 67
" "	Wallula.....	Oregon R. R. & Nav. Co.....	1,006 17
Tracks.....	Minneapolis.....	Minneapolis & St. Louis Ry...	13,761 88
" "	Minnesota Transfer	Chicago & Great Western Ry..	179 28
" "	Wickes & Amazon..	Montana Central R. R. Co.....	1,973 50
Total.....			\$ 207,631 33
Less collected from other companies for their proportion expenses, terminal facilities, St. Paul and Minneapolis.....			49,616 65
Grand Total Rents			\$ 158,014 68

[NORTHERN PACIFIC RAILWAY CO.]
COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 46.

June 30, 1897		Assets	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
\$ 294,766,830 87		Cost of bond—Page 29A.....	\$	\$ 296,626,459 40	\$ 1,859,628 73	
12,924,219 01		Cost of equipment—Page 29B.....	.....	13,202,220 34	278,011 33	
2,879,673 50		Stocks owned—Page 37.....	2,822,624 79			
2,146,990 00		Bonds owned—Page 39.....	2,942,802 06			
		*Less.....	\$ 5,765,428 84			
		Insurance Fund Assets.....	1,847,713 13	3,917,713 71	.....	\$ 1,106,939 79
		Lands Owned:	.....	500,000 00	500,000 00	
	624,005 80	Land department current assets.....	.....	296,313 06	.....	337,662 74
	6,036,031 76	Cash and current assets—Page 23.....	.....	10,959,331 36	4,923,239 60	
		Other Assets:	.....		
	1,317,735 91	Materials and supplies.....	.....	1,664,404 42	346,668 51	
	185,103 15	Cash in hands of trustees of sinking funds.....	.....	161,173 44	.....	33,929 71
		Grand Total.....	\$	\$ 327,317,615 73	\$ 6,427,045 93	

*Balance of gain on securities sold and exchanged and profit on sundry investments.

[NORTHERN PACIFIC RAILWAY CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 31.

June 30, 1887		June 30, 1888		Year Ending June 30, 1888	
Item	Total	Liabilities		Increase	Decrease
		•	Total		
	\$ 155,000,000 00	Capital Stock—Page 17.....	\$ 155,000,000 00	\$.....	
	156,382,500 00	Funded Debt—Page 23.....	159,743,400 00	3,360,900 00	1,880,900 00
	4,617,500 00	General Ist Mgtg. Conversion Fund.....	2,756,600 00		
	3,349,482 87	Current Liabilities—Page 23.....	4,965,264 51	1,615,781 64	
	447,505 00	Accrued Interest on Funded Debt not yet payable.....			
		Liquidation Fund.....	433,605 00		13,900 00
	603,753 03	Insurance Fund.....	531,042 72		72,710 31
		Special Reserve Fund for Dividends on Preferred Stock.....	500,000 00	500,000 00	
	489,828 90	Profit and Loss—Page 31.....	3,000,000 00	3,000,000 00	102,125 40
	\$ 320,890,569 90	Grand Total.....	\$ 327,317,615 73	\$ 6,427,045 98	

[NORTHERN PACIFIC RAILWAY CO.]

SECURITY FOR FUNDED DEBT—Page 23.

Company's Original Report, Page 37.

Class of Bond or Obligation	What Road Mortgaged		Amount of Mortgage Per Mile of Line	What Equipment Mortgaged	Mortgaged	What Securities Mortgaged
	From	To				
N. P. R. R. Co., Gen. 1st mtg.	Ashland...	Wallula & Portland.	See note	\$ 25,000	None	Entire main line and appurtenances, equipment, lands and franchises, and all property now held, or hereafter acquired, subject to the rights of preferred stock holders (N. P. R. R. Co.) in lands in Minnesota and Dakota east of the Missouri river.
St. P. & N. P. Ry Co., Western R. R. of Minn.....	St. Paul & Ashland.	Wainwright & Staples ..	60.00	8,333	None	None
General mortgage.....	St. Paul & Ashland.	Portland & Tacoma ..	181.27	See note	Lands	On railroad land grant (subject to above mortgage), real estate, franchises, structures and facilities, terminal and otherwise, Main line, branches, terminals, lands and rights to lands, equipment and other property, and also all property subsequently acquired by means of any of the bonds to be issued under the prior lien or the general lien mortgages (subject to above mtgs.)
N. P. Ry Co., prior lien mtge.	Same	Same	4,499.21	See note		Second and subordinate in lien to the prior lien mortgage, and covering the same property.
General lien mortgage.....	Same	Same	4,499.21	See note		

[NORTHERN PACIFIC RAILWAY CO.]

EMPLOYES AND SALARIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 51.

Class	Number	Total Number of Days Worked	Total Yearly Compensation	Average Daily Compensation
Other officers.....	6	1,445	\$ 10,710 00	\$ 7 41
Office clerks.....	14	5,146	11,278 70	2 19
Station agents.....	72	25,901	47,500 90	1 83
Other station men.....	68	24,626	38,271 78	1 55
Enginemen.....	72	25,976	102,653 88	3 95
Firemen.....	72	25,976	55,275 16	2 13
Conductors.....	49	17,629	55,135 55	3 13
Other trainmen.....	98	35,194	70,280 91	2 00
Machinists.....	29	8,961	20,600 85	2 30
Carpenters.....	124	38,698	71,543 14	1 85
Other shopmen.....	104	32,516	64,215 93	1 97
Section foremen.....	135	48,673	74,014 96	1 52
Other trackmen.....	508	158,425	225,584 83	1 42
Switchmen, flagmen and watchmen.....	41	14,648	33,003 99	2 25
Telegraph operators and dispatchers.....	31	11,315	24,423 99	2 16
All other employees and laborers.....	207	64,711	114,057 25	1 76
Total (including "General Officers"), North Dakota.....	1,630	539,840	\$1,018,545 92	\$ 1 89
Total (excluding "General Officers"), North Dakota.....	1,630	539,840	\$1,018,545 92	\$ 1 89
Distribution of Above:				
General administration.....	35	12,369	38,706 52	3 12
Maintenance of way and structures.....	921	287,537	444,184 92	1 54
Maintenance of equipment.....	168	57,906	112,909 54	1 95
Conducting transportation.....	506	182,028	422,744 94	2 32
Total (including "General Officers"), North Dakota.....	1,630	539,840	\$1,018,545 92	\$ 1 89
Total (excluding "General Officers"), North Dakota.....	1,630	539,840	\$1,018,545 92	\$ 1 89
Total (including "General Officers"), Entire Line.....	11,909	3,943,274	7,795,248 86	1 98

[NORTHERN PACIFIC RAILWAY CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE,
ENTIRE LINE.

Company's Original Report, Page 61.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	1,583,632	
Number of passengers carried one mile.....	209,614,677	
Number of passengers carried one mile per mile of road.....	48,055	
Average distance carried.....	182.36	
Total passenger revenue—Page 35.....		\$ 4,659,175.92
Average amount received from each passenger.....		2.94208
Average receipts per passenger per mile.....		.02223
Total passenger earnings—Page 35.....		5,831,855.59
Passenger earnings per mile of road.....	4,362	1,336.97
Passenger earnings per train mile.....	3,295,279	1.78976
Freight Traffic:		
Number of tons carried of freight earning revenue Page 63.....	4,951,183	
Number of tons carried one mile.....	1,618,170,284	
Number of tons carried one mile per mile of road.....	370,970	
Average distance haul of one ton.....	326.83	
Total freight revenue—Page 35.....		17,227,690.86
Average amount received for each ton of freight.....		3.47951
Average receipts per ton per mile.....		.01085
Total freight earnings—Page 35.....		17,243,785.94
Freight earnings per mile of road.....		3,953.18
Freight earnings per train mile.....	6,115,784	2.81956
Passenger and freight:		
Passenger and freight revenue—Page 35.....		21,886,866.78
Passenger and freight revenue per mile of road.....	4,362	5,017.62
Passenger and freight earnings—Page 35.....		23,075,651.53
Passenger and freight earnings per mile of road.....		5,290.15
Gross earnings from operation—Page 35.....		23,659,142.42
Gross earnings from operation per mile of road.....		5,423.92
Gross earnings from operation per train mile.....	9,411,063	2.51397
Operating expenses—Page 45.....		11,074,785.02
Operating expenses per mile of road.....		2,539.93
Operating expenses per train mile.....		1.17678
Income from operation—Page 31.....		12,584,347.40
Income from operation per mile of road.....		2,884.99
Train Mileage:		
Miles run by passenger trains.....	3,119,466	
Miles run by freight trains.....	5,588,348	
Miles run by mixed trains.....	703,249	
Total Mileage Trains Earning Revenue.....	9,411,063	
Miles run by construction and other trains.....	1,084,117	
Grand Total Train Mileage	10,475,180	
Mileage of loaded freight cars—East.....	67,337,347	
Mileage of loaded freight cars—West.....	65,192,532	
Mileage of empty freight cars—East.....	21,858,695	
Mileage of empty freight cars—West.....	26,396,253	
Average number of freight cars in train.....	29.56	
Average number of loaded cars in train.....	21.67	
Average number of empty cars in train.....	7.89	
Average number of tons of freight in train.....	264.59	
Average number of tons of freight in each loaded car.....	12.21	

[NORTHERN PACIFIC RAILWAY COMPANY.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE,

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	357,177	
Number of passengers carried one mile.....	34,324,312	
Number of passengers carried one mile per mile of road.....	39,965	
Average distance carried.....	96.10	
Total passenger revenue—Page 35.....		\$ 657,773.94
Average amount received from each passenger.....		1.84160
Average receipts per passenger per mile.....		.01916
Total passenger earnings—Page 35.....		886,737.93
Passenger earnings per mile of road.....	858.87	1.032.45
Passenger earnings per train mile.....	504,644	1.75716
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	1,403,291	
Number of tons carried one mile.....	249,612,378	
Number of tons carried one mile per mile of road....	290,629	
Average distance haul of one ton.....	177.88	
Total freight revenue—Page 35.....		2,668,336.80
Average amount received for each ton of freight....		1.90148
Average receipts per ton per mile.....		.01069
Total freight earnings—Page 35.....		2,669,543.65
Freight earnings per mile of road.....	858.87	3,108.20
Freight earnings per train mile.....	1,092,982	2.44244
Passenger and Freight:		
Passenger and freight revenue—Page 35.....		3,326,110.74
Passenger and freight revenue per mile of road....	858.87	3,782.66
Passenger and freight earnings—Page 35.....		3,556,281.58
Passenger and freight earnings per mile of road....	858.87	4,140.65
Gross earnings from operation—Page 35.....		3,583,100.37
Gross earnings from operation per mile of road....	858.87	4,171.88
Gross earnings from operation per train mile.....	1,597,626	2.24277
Operating expenses—Page 45.....		1,864,716.05
Operating expenses per mile of road.....	858.87	2,171.13
Operating expenses per train mile.....	1,597,626	1.16718
Income from operation.....		1,718,384.32
Income from operation per mile of road.....	858.87	2,000.75
Train Mileage:		
Miles run by passenger trains.....	462,139	
Miles run by freight trains.....	965,466	
Miles run by mixed trains.....	170,021	
Total Mileage Trains Earning Revenue.....	1,597,626	
Miles run by construction and other trains.....	157,171	
Grand Total Train Mileage.....	1,754,797	
Mileage of loaded freight cars—East.....	10,896,271	
Mileage of loaded freight cars—West.....	11,333,932	
Mileage of empty freight cars—East.....	4,083,069	
Mileage of empty freight cars—West.....	4,151,904	
Average number of freight cars in train.....	27.82	
Average number of loaded cars in train.....	20.28	
Average number of empty cars in train.....	7.54	
Average number of tons of freight in train.....	228.38	
Average number of tons of freight in each loaded car.....	11.26	

[NORTHERN PACIFIC RAILWAY CO.]

FREIGHT TRAFFIC MOVEMENT.

STATE OF NORTH DAKOTA.

(Company's Material Excluded.)

Company's Original Report, Page 63.

Commodity	Freight Originat- ing on This Road	Freight Received from Con- necting Roads and Other Carriers	Total Freight Tonnage	
	Whole Tons	Whole Tons	Whole Tons	Per Cent
Products of Agriculture:				
Grain.....	438,679	2,712	441,391	31.45
Flour.....	21,641	266	21,907	1.56
Other mill Products.....	9,287	336	9,623	.69
Hay.....	1,770	.....	1,770	.13
Fruit and Vegetables.....	22,553	27	22,580	1.61
Hops.....	2,598	.....	2,598	.19
Products of Animals:				
Live Stock.....	108,406	153	108,559	7.73
Dressed Meats.....	2,250	25	2,274	.16
Other Packing House Products.....	3,029	10	3,039	.22
Poultry, Game and Fish.....	7,845	.....	7,845	.56
Wool.....	8,538	13	8,551	.61
Hides and Leather.....	3,180	24	3,204	.23
Products of Mines:				
Anthracite Coal.....	35,134	.....	35,134	2.50
Bituminous Coal.....	47,874	64	47,938	3.47
Coke.....	2,013	.....	2,013	.14
Ores.....	35,848	.....	35,848	2.56
Stone, Sand and other like articles.....	8,265	.....	8,265	.59
Products of Forest:				
Lumber.....	195,837	107	195,944	13.96
Other Forest Products.....	124,683	.....	124,683	8.89
Manufactures:				
Petroleum and other Oils.....	15,642	.....	15,642	1.11
Sugar.....	3,448	199	3,647	.26
Iron, Pig and Bloom.....	2,367	.....	2,367	.17
Iron and Steel Rails.....	23,718	.....	23,718	1.66
Other Castings and Machinery.....	19,359	23	19,382	1.38
Bar and Sheet Metal.....	5,020	.....	5,020	.36
Other Iron and Steel.....	26,560	.....	26,560	1.89
Cement, Brick and Lime.....	15,263	38	15,301	1.09
Agricultural Implements.....	12,696	38	12,734	.91
Wagons, Carriages, Tools, etc.....	6,203	12	6,215	.44
Wines, Liquors and Beers.....	6,529	.....	6,529	.47
Household Goods and Furniture.....	6,407	306	6,713	.48
Miscellaneous:				
Other Commodities not mentioned above.....	175,064	1,223	176,287	12.56
Total Tonnage—North Dakota.....	1,397,715	5,576	1,403,291	100.00
Total Tonnage—Entire Line.....	4,077,382	873,801	4,951,183	.....

[NORTHERN PACIFIC RAILWAY CO.]

DESCRIPTION OF EQUIPMENT.

Company's Original Report, Page 65.

Item	Number Added During Year	Total Number at End of Year	Equipment Fitted with Train Brake		Equipment Fitted with Automatic Coupler	
			Number	Name	Number	Name
Locomotives—Owned and Leased:						
Passenger.....	7	74	74	Westinghouse...		
Freight.....	39	384	384	Westinghouse...	7	Tower
Switching.....	4	84	78	Westinghouse...		
Total Locomotives in Service.....	42	542	536		7	
Total Locomotives Owned.....		542	536		7	
Cars—Owned and Leased:						
In Passenger Service:						
First-class Cars.....	10	70	70	Westinghouse...	153	Cowell
Second-class Cars.....	10	70	70	Westinghouse...	15	Miller
Combination Cars.....		25	25	Westinghouse...	70	Miller
Emigrant Cars.....		58	58	Westinghouse...	18½	Miller
Dining Cars.....		25	25	Westinghouse...	58	Miller
Sleeping Cars (Pullman one-half interest).....		50	50	Westinghouse...	112	Miller
Baggage, Express and Postal Cars.....		125	125	Westinghouse...	113	Cowell
Other Cars in Passenger Service.....		7	7	Westinghouse...	4	Cowell
Total.....		430	430	Westinghouse...	146	Cowell
In Freight Service:					123½	Miller
Box Cars.....	225	10,663	9,228	Westinghouse...	1	Gould
Flat Cars.....	20	3,941	2,517	New York.....	½	Cowell
Stock Cars.....	11	899	49	Westinghouse...	7	Miller
Coal Cars.....	71	2,472	1,746	Westinghouse...		
Tank Cars.....		9	9	Westinghouse...	421½	Note 1
					9,224	Note 2
					3,014½	Note 3
					639½	Note 4
					1,727	

Refrigerator Cars.....	3	288	286	Westinghouse...	228½	..... Note 3
Other Cars in Freight Service.....	1	220	30	Westinghouse...	24	..... Note 6
Total.....	281	18,479	14,734	.....	14,835½	
In Company's Service:						
Office's and Pay Cars.....	9	2	9	Westinghouse...	9	Miller
Gravel Cars.....	10	300	2	.....	
Drivest Cars.....	300	1,891	298	Westinghouse...	3	American
Garage Cars.....	142	2,218	18	Westinghouse...	5	Miller
Other Road Cars.....			325	.....	17	
Total.....	138	2,127	15,489	.....	
Total Cars in Service.....	399	21,127	15,294	.....	
Total Cars Owned.....	399	21,127	15,294	.....	

AUTOMATIC COUPLER.

Company's Original Report, Page 64.

	Ameri- can	Chicago	Drexel	Janney	Gould	Pooley	Stand- ard	Tower	Trojan	Wash- burn	Miller	Miscel- laneous	Total
No. 1.....	3,370½	1,608	311	1,658	465½	72	98½	784½	779½	44	.....	9½	9,224
No. 2.....	637½	223½	39½	719	463	.....	.....	529	384½	16	.....	2½	3,014½
No. 3.....	82	277	7	24	6½	.....	.....	107½	101½	28	.....	6	639½
No. 4.....	440½	196	54	447	99	.....	9½	258	217½	5½	.....	2½	1,727
No. 5.....	38½	39½	4	101	.....	.....	3	17½	5½	.....	10	.....	228½
No. 6.....	2	.....	1	.....	.....	.....	.....	1	7	.....	.....	.....	24
Total.....	4,589	2,339	416½	2,949	1,064	72	109	1,697½	1,493½	98½	10	20½	14,855½

[NORTHERN PACIFIC RAILWAY CO.]

MILEAGE.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	2,340.89	2,158.32	.....	.....	.....	25.24	4,524.45	.....	137.24	4,346.81
Miles of second track.....	40.31	67	.....	.....	.....	7.51	48.49	.....	.....	40.98
Miles of yard track and sidings.....	359.66	216.05	.....	.....	.....	.....	775.71	.....	196.12	579.59
Total Mileage Operated (All tracks).....	2,940.86	2,375.04	.....	.....	.....	32.75	5,348.65	.....	333.36	4,967.38

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK).

State or Territory	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Wisconsin.....	87.64	14.91	.....	.....	.....	.83	103.38	.....	36	101.68
Minnesota.....	431.53	344.41	.....	.....	.....	18.68	798.62	.....	43.96	721.33
Manitoba.....	.....	565.11	.....	.....	.....	.....	265.11	.....	.....	265.11
North Dakota.....	376.93	493.49	.....	.....	.....	.....	870.42	.....	33.27	837.15
Montana.....	763.04	325.45	.....	.....	.....	4.81	1,316.34	.....	54.00	1,277.33
Idaho.....	84.06	97.86	.....	.....	.....	.....	181.92	.....	9.69	172.23
Washington.....	536.50	406.12	.....	.....	.....	.....	946.62	.....	15.96	930.66
Oregon.....	89.15	1.97	.....	.....	.....	.92	42.04	.....	.....	41.12
Total Mileage Operated (Single track).....	2,340.89	2,158.32	.....	.....	.....	25.24	4,524.45	.....	137.24	4,346.81

[NORTHERN PACIFIC RAILWAY CO.]

MILEAGE—Continued.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES.

Company's Original Report, Page 67.

State or Territory	Line Represented by Capital Stock		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
Wisconsin.....	87.64	14.91	102.55	.....	36	101.68
Minnesota.....	431.53	348.41	779.94	.....	43.90	721.33
Manitoba.....	.....	265.11	265.11	.....	.....	265.11
North Dakota.....	376.93	493.49	870.42	.....	33.27	837.15
Montana.....	793.06	528.45	1,311.53	.....	34.00	1,277.53
Idaho.....	84.06	97.86	181.92	.....	9.69	172.23
Washington.....	538.50	408.12	946.62	.....	13.96	930.66
Oregon.....	39.15	1.97	41.12	.....	.....	41.12
Total Mileage Owned (Single track).....	2,340.89	2,158.32	4,499.21	.....	137.24	4,346.81

[NORTHERN PACIFIC RAILWAY CO.]

MILEAGE—STATE OF NORTH DAKOTA.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	376.98	493.49	.....	.....	.....	.....	870.42	.....	33.27	837.15
Miles of second track.....	5.31	.....	.....	.....	.....	.....	5.31	.....	.....	5.31
Miles of yard track and sidings.....	93.85	44.71	.....	.....	.....	.....	138.56	.....	81.88	56.68
Total Mileage Operated (all tracks).....	476.09	538.20	.....	.....	.....	.....	1,014.29	.....	115.15	889.14

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK).

State of North Dakota	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Total mileage operated (single track).....	376.98	493.49	.....	.....	.....	.....	870.42	.....	33.27	837.15

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES (SINGLE TRACK).

State of North Dakota	Line Represented by Capital Stock			Total Mileage Owned	Rails	
	Main Line	Branches and Spurs	.....		Iron	Steel
Total mileage owned (single track).....	376.98	493.49	.....	870.42	33.27	837.15

[NORTHERN PACIFIC RAILWAY CO.]

RENEWALS OF RAILS AND TIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 68.

New Rails Laid During Year			New Ties Laid During Year		
Kind	Tons	Weight Per Yard— Pounds	Average Price Per Ton at Distributing Points	Kind	Number
Steel.....	4,860.1886	72	\$ 19 07	Oak.....	137,277
Steel.....	.1320	66	30 25	Tamarac.....	206,519
				Fir.....	224
Total iron.....	4,861.1016		\$ 19 07	Total.....	344,020
					\$.28½

CONSUMPTION OF FUEL FOR LOCOMOTIVES.

Locomotives	Coal—Tons		Wood—Coal		Total Fuel Consumed— Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....		21,474	12	412	21,538	557,722	72.24
Freight.....		70,825	30	336	71,019	1,458,656	97.86
Switching.....		4,965	6	56	4,997	248,418	41.06
Construction.....		5,285	6	28	5,303	157,782	67.22
Total.....		102,549	63	532	102,857	2,417,578	85.09
Average cost at distributing point.....	\$	1.96	\$	1.65	\$		

[NORTHERN PACIFIC RAILWAY CO.]

ACCIDENTS TO PERSONS.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 71.

Kind of Accident	Employees							
	Trainmen		Switchmen, Flagmen and Watchmen		Other Employees		Total	
	Killed	Injured	Killed	Injured	Killed	Injured	Killed	Injured
Coupling and uncoupling..	.....	15	.....	4	.....	1	.....	20
Falling from trains and engines.....	.....	6	.....	1	.....	1	.....	8
Collisions.....	.....	.....	.....	.....	1	27	1	27
Deraillments.....	.....	2	.....	.....	.....	1	.....	2
Other train accidents.....	.....	.....	.....	.....	.....	1	.....	1
Other causes.....	2	9	.....	2	.....	17	2	28
Total.....	2	32	.....	7	1	47	3	86

Kind of Accident	Others							
	Passengers		Trespassing		Not Trespassing		Total	
	Killed	Injured	Killed	Injured	Killed	Injured	Killed	Injured
Deraillments.....	.....	3	.....	.....	.....	.....	.....	.....
Other train accidents.....	.....	4	.....	.....	.....	.....	.....	.....
At highway crossings.....	.....	.....	.....	.....	.....	1	.....	1
At stations.....	.....	.....	.....	.....	2	.....	2	.....
Other causes.....	1	.....	1	7	.....	2	1	9
Total.....	1	7	1	7	2	3	3	10

The following is a brief description of cases reported under "other train accidents" and "other causes."

EMPLOYEES.

OTHER TRAIN ACCIDENTS—INJURED.

Train breaking in two.....	1
Total.....	1

OTHER CAUSES—KILLED.

Fell under moving train.....	1
Jumped into fire box of engine.....	1
Total.....	2

OTHER CAUSES—INJURED.

Struck by piece of chisel.....	1
Drilling hole in frog.....	1
Foot caught under brake beam.....	1
Jumping on moving engine.....	3
Embankment caved in.....	1
Handling rails.....	4
Sharpening piles.....	1
Fell from handcar.....	2

[NORTHERN PACIFIC RAILWAY CO.]

ACCIDENTS TO PERSONS—Continued.

NORTH DAKOTA.

Company's Original Report, Page 70.

Loading ties.....	1
Stopping handcar.....	1
Working on bridg.....	1
Struck by waterspout.....	1
Struck by engine.....	1
Fell into roundhouse pit.....	1
Chaining up car and drawhead pulled out.....	1
Removing handcar from track.....	1
Struck by switchstand while getting on car.....	1
Rail fell on foot.....	1
Fell against engine lever.....	1
Water glass broke.....	2
Fell on track, run over by car wheel.....	1

Total.....	23
------------	----

PASSENGERS.

OTHER TRAIN ACCIDENTS—INJURED.

Sudden jerking of train.....	4
Total.....	4

OTHER CAUSES—KILLED.

Jumped from coach window while train was in motion.....	1
Total.....	1

OTHERS.

OTHER CAUSES—TRESPASSING—KILLED.

Found dead on track.....	1
Total.....	1

OTHER CAUSES TRESPASSING—INJURED.

Attempting to get on moving trains.....	3
Stealing ride.....	4
Total.....	7

NOT TRESPASSING—INJURED.

Struck by engine while driving across track.....	1
Fell between cars while walking on plank.....	1
Total.....	2

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NORTH PACIFIC RAILWAY CO.

CHARACTERISTICS OF ROAD.

Company's Original Report, Page 72.

Working Divisions or Branches		Alignment		Profile		Descending Grades			
		Number of Curves	Aggregate Length of Curved Line	Length of Straight Line	Length of Level Line	Ascending Grade		Sum of Descents	Aggregate Length of Descending Grades
						No.	Feet		
From	To	Miles	Miles	Miles	Miles	No.	Feet	Feet	Miles
Ashland, Wis.....	Staples, Minn.....	207.17	33.68	173.49	50.59	128	2,657	82.72	73.86
Staples, Minn.....	Fargo, N. D.....	37	12.55	96.23	17.20	46	759	33.87	37.71
Fargo, N. D.....	Mandan, N. D.....	103	27.14	172.38	37.50	121	2,552	93.93	68.09
Mandan, N. D.....	Billings, Mont.....	256	64.15	151.77	25.52	113	3,035	113.85	76.55
Billings, Mont.....	Helena, Mont.....	195	41.43	184.41	59.80	145	1,848	124.91	41.13
Helena, Mont.....	Hope, Idaho.....	238.42	47.22	191.20	25.96	76	3,460	124.05	88.41
Hope, Idaho.....	Wallula, Wash.....	297.77	90.22	207.55	27.15	89	2,539	59.05	211.57
Wallula, Wash.....	Ellensburg, Wash.....	340	65.71	179.70	45.71	96	1,796	74.40	125.30
Ellensburg, Wash.....	Tacoma, Wash.....	142	35.20	91.64	31.54	49	1,539	78.10	17.20
Tacoma, Wash.....	State Line, Minn.....	293	32.80	93.95	33.36	38	1,495	44.00	65.15
Wabridge, Wis.....	Staples & Brd, Minn.....	206	43.30	101.33	3.21	93	1,312	37.67	53.60
St. Paul, Minn.....	S. Superior, Wis.....	181.27	24.55	156.72	37.29	1	110	97.81	46.17
Duluth, Minn.....	.....	9	.73	6.98	2.56	4	1,588	4.45	.70
Total main line.....	.....	2,329.43	518.87	1,810.56	431.97	.....	.....	972.02	925.44
Little Falls, Minn.....	Morris, Minn.....	87.78	18.04	69.74	17.60	71	1,107	39.29	30.89
Wadena Jct., Minn.....	Minor, N. D.....	99	17.79	99.26	26.09	177	841	42.58	48.38
Winnipeg Jct., Minn.....	Carthage, Minn.....	120	20.72	236.94	64.36	156	674	62.47	98.83
Fertile, Minn.....	Sherrick, Minn.....	55.25	3.70	49.55	13.35	28	182	8.30	35.60
Key West Jct., N. D.....	Bayre, N. D.....	6.01	1.18	5.83	2.32	9	8	1.55	2.14
Fairview Jct., N. D.....	Edgeley, N. D.....	13.79	1.83	11.96	7.12	8	47	6.27	2.40
Fargo, N. D.....	LaMoure, N. D.....	108.71	9.20	99.42	21.82	95	1,220	60.00	55.7
Jamestown, N. D.....	.....	48.55	12.63	35.62	7.55	48	275	-17.42	23.89
.....	.....	.....	.....	.....	.....	.....	.....	.....	23.53

Valley Jct., N. D.	15	20	8	2.07	13.13	5.66	24	66	5.24	24	166	6.30
Sanborn, N. D.	29	48	28	4.21	32.14	5.69	57	349	15.40	59	845	15.66
Jamestown, N. D.	107	75	49	11.33	96.32	13.91	103	1,154	47.83	96	1,046	45.91
Carrington, N. D.	12	21	4	1.38	12.39	1.00	7	108	7.33	9	64	4.64
Morris, Man.	145	24	101	20.46	124.78	18.84	84	1,617	75.95	63	1,377	50.45
Portage Jct., Man.	52	52	8	1.80	50.72	26.68	46	135	20.40	23	43	5.48
Winnipeg Transfer	1	24	6	1.81	13.43	3.36	2	8	38	3	6	3.30
Laurel, Mont.	44	37	15	4.81	39.36	2.39	18	2436	38.94	9	57	7.84
Livingston, Mont.	51	45	63	11.38	39.47	5.27	49	1,163	35.14	41	482	10.44
Coal Spur, Mont.	3	59	40	1.71	1.86	2.39	5	385	3.26	3	8	2.99
Cokedale, Mont.	70	88	163	20.26	50.62	0.84	13	2,397	52.59	9	911	15.90
Logan, Mont.	5	71	9	1.30	4.41	1.01	1	135	4.04	2	5	1.66
Whitehall, Mont.	20	90	46	6.31	14.59	1.88	15	984	12.51	5	320	7.51
Sappington, Mont.	7	69	6	1.32	5.77	3.20	1	691	7.09	6	768	8.52
Prickly Pear Jct., N.	45	60	148	16.10	29.39	3.20	16	2,444	33.97	6	768	8.52
Jefferson, Mont.	5	83	17	1.50	4.33	3.20	2	719	5.83	2	242	7.86
Boulder, Mont.	20	12	51	5.17	14.95	5.6	2	1,858	11.70	2	242	7.86
Helena, Mont.	16	52	43	4.43	12.09	1.20	6	1,346	14.39	1	24	7.98
Clough Jct., Mont.	32	58	58	6.42	6.26	1.40	5	1,103	9.73	2	42	1.05
Drummond, Mont.	12	12	47	5.35	26.77	1.33	6	1,800	30.54	2	10	2.23
Missoula, Mont.	50	45	46	6.75	44.10	10.92	24	1,638	30.01	14	195	9.92
De Smet, Mont.	139	54	388	53.41	86.13	21.01	28	2,274	46.93	53	3,207	71.60
Wallace, Idaho	6	94	30	2.60	4.24	1.73	1	1,036	6.84	22	281	5.90
Hanser Jct., Idaho	13	63	33	4.20	9.45	8.53	18	272	6.00	36	3,442	60.40
Marshall Jct., Wash.	117	33	353	30.60	66.93	6.30	43	2,312	48.60	6	186	4.22
Pullman Jct., Wash.	27	32	54	10.80	16.72	6.30	22	479	17.00	1	30	8.84
Belmont, Wash.	5	94	14	1.60	4.34	10	2	168	5.41	1	151	3.20
Clealum, Wash.	5	41	21	2.50	2.91	1.00	1	474	3.41	3	151	3.20
Palmer, Wash.	10	82	37	4.10	6.32	6.42	6	406	6.42	3	151	3.20
Cascade Jct., Wash.	3	73	15	1.60	2.13	3.73	1	166	9.13	3	151	3.20
Wilkens & Crisley, W.	9	43	40	3.20	6.23	3.73	2	542	9.13	3	151	3.20
Crocker, Wash.	5	29	34	2.90	5.44	5.26	2	376	5.26	3	151	3.20
Orring, Wash.	7	64	16	2.20	3.19	7.64	1	331	7.64	3	151	3.20
Meeker Jct., Wash.	31	53	19	5.70	25.83	9.88	9	976	6.40	10	138	15.25
Elma, Wash.	9	99	19	2.40	7.59	3.20	3	276	6.50	1	13	2.29
Lake View, Wash.	56	43	70	9.60	46.83	16.03	31	789	15.44	31	789	24.96
Gale City, Wash.	2	81	93	12.67	40.82	33.47	29	375	6.45	19	238	13.37
Aberdeen Jct., Wash.	1	90	8	1.71	1.71	1.60	3	10	2.84	2	10	5.40
Casopolis Jct., Wash.	2	61	9	.62	1.00	1.30	1	3	2.84	1	4	.04
Chehalis, Wash.	56	68	91	19.80	36.88	11.00	16	609	25.10	14	777	20.58
Black Riv. Jct., Wash.	12	10	41	4.20	7.90	5.80	4	55	1.50	3	234	4.80
Kirkland Jct., Wash.	1,615.51	418.03	928.68	684.75	928.68	684.75	928.68	684.75	928.68	684.75	928.68	684.75
Total branches.	2,031.46	415.95	1,615.51	418.03	928.68	684.75	928.68	684.75	928.68	684.75	928.68	684.75

[NORTHERN PACIFIC RAILWAY CO.]

CHARACTERISTICS OF ROAD—Continued.

STATE OF NORTH DAKOTA.

BRIDGES, TRETTLES, TUNNELS, ETC.

Company's Original Report, Page 75.

Item	Number	Aggregate Length		Minimum Length		Maximum Length	
		Feet	In.	Feet	In.	Feet	In.
Bridges:							
Iron.....	4	2,160	..	83	..	1,443	..
Wooden.....	14	926	..	44	..	220	..
Combination.....	2	353	..	153	..	200	..
Total.....	20	3,405	..	.....	..	.....	..
Trestles.....	297	25,494	..	12	..	488	..

Overhead trestles, 1.
Gauge of track, 4 feet, 8¼ inches; 870.42 miles.

TELEGRAPH.

A. OWNED BY COMPANY MAKING THIS REPORT.

Miles of Line	Operated by This Company		Operated by Another Company	
	Miles of Line	Miles of Wire	Miles of Wire	Name of Operating Company
841.78	274.56	.....	Owned & operated jointly with W. U. T. Co.
.....	616.94	.....	Owned jointly & operated by N. P. Ry Co.
.....	622.69	Owned jointly and operated by W. U. T. Co.
.....	849.90	.....	Owned and operated by N. P. Ry Co.

B. OWNED BY ANOTHER COMPANY, BUT LOCATED ON PROPERTY OF ROAD MAKING THIS REPORT.

Miles of Wire	Name of Owner	Name of Operating Company
893.78	Western Union Telegraph Co.....	.. Western Union Telegraph company

[NORTHERN PACIFIC RAILWAY CO.]

CAR MILEAGE

PAID FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS NOR
CONSIGNED FOR USE BY LEASE.

Company's Original Report, Page 77.

Name	6-10 Cent Per Mile	¾ Cent Per Mile	1 Cent Per Mile	Total
Armour Car Lines.....	\$ 13 64	\$ 2,372 72	\$ 1,476 94	\$ 3,863 30
Anglo-Am. Refrigerator Car Co.....			154 13	154 13
Am. Brewing Co. Refrigerator Line.....			105 72	105 72
American Cereal Co. Despatch.....	519 57			519 57
Arms Palace Horse Car company.....	33 49			33 49
Blue Line.....	57 75			57 75
Burton Stock Car company.....	25 97			25 97
Banner Refrigerator Line.....		19 56		19 56
Cudahy Milwaukee Refrig. Line.....			984 08	984 08
Cudahy Refrigerator Line.....			2,225 08	2,225 08
Cedar Rapids Refrigerator Express.....			1,595 94	1,595 94
Continental Fruit Express.....		3,509 59		3,509 59
California Fruit Trans. company.....		345 64		345 64
Canadian Pacific Despatch.....	65 54			65 54
Canada Cattle Car company.....	176 93			176 93
Cold Blast Transportation company.....			20 84	20 84
Chi., N. Y. and Boston Trans. Co.....		280 23		280 23
Commerce Despatch Line.....			622 09	622 09
Chicago Refrigerator Car Line.....		5 68		5 68
Canada Southern Line.....	24 65			24 65
Creamery Package Mfg. company.....	23 76			23 76
Dold Packing company.....			342 91	342 91
Davy Dealers Despatch.....		103 29		103 29
Empire Line.....	114 32			114 32
Excelsior Horse Car Line.....	1 82			1 82
Great Eastern Line.....	70 62			70 62
Gersir Manufacturing company.....	21 03			21 03
Godell Refrigerator company.....		36 36		36 36
Hammond Refrigerator Line.....	65 05		4,233 38	4,298 43
Havens & Co.....	87 08			87 08
Hicks Stock Car company.....	33 20			33 20
Kansas City Dressed Beef Line.....	205 62	57 40	1,885 49	1,948 51
Kansas City Refrig. Car company.....			660 40	660 40
Kansas Mfg. Despatch.....	25 02			25 02
Keystone Palace Horse Car Co.....	35 63			35 63
Kingan Refrigerator Line.....			21 06	21 06
Lipton Car Lines.....	118 99	40 09		159 08
Libby, McNeil & Libby Ref. Line.....			123 28	123 28
Laurel Hill Coal company.....	120 04			120 04
Live Poultry Transportation Co.....	26 88			26 88
Lewis Manufacturing company.....	11 38			11 38
Merchants Despatch Trans. Co.....	158 01	340 77		498 78
Menasha Wooden Ware company.....	33 74			33 74
Mansur Tebbetts Imp. company.....	56 93			56 93
Manhattan Oil company.....		61 52		61 52
Mather Horse and Stock Car Co.....	35 55			35 55
Mann Bros.....	27 72			27 72
Morris & Co.....		61 19		61 19
National Despatch Line.....	36 38	5 99		42 37
National Rolling Stock company.....	194 88			194 88
National Linseed Oil company.....		65 43		65 43
New England Car company.....	0 91			0 91
North & South Rolling Stock Co.....	6 11	3 38		9 49
Omaha Packing company.....			686 27	686 27
Prov. Dealers Despatch.....		57 94		57 94
Parry Manufacturing company.....	1 04			1 07
Pullman Palace Car company.....	46 12			46 12
Pullman Pal. Car company, tourist.....			677 94	677 94
Peavy Grain Line Co., 30c per day.....				3,204 80
Same, 17½c per day.....				3,708 60
Red Line.....	75 88			75 88
Rend, W. P. & Co.....	36 12			36 12
Santa Fe Fruit & Refrigerator Line.....		292 44		292 44
Forward.....	\$ 2,588 41	\$ 7,638 22	\$ 15,615 53	\$ 25,862 16

[NORTHERN PACIFIC RAILWAY CO.]

CAR MILEAGE—Continued.

PAID FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS, NOR
CONSIGNEE FOR USE BY LEASE.

Company's Original Report, Page 77.

Name	6-10 Cent Per Mile	¾ Cent Per Mile	1 Cent Per Mile	Total
Brought Forward.....	\$ 2,588 41	\$ 7,658 22	\$ 15,615 53	\$ 25,862 16
St. Charles Refrigerator Despatch.....		61 89	1,166 44	1,228 33
Swift Refrigerator Line.....	1 47		2,895 98	2,897 45
St. Louis Refrigerator Line.....	14 51		1,011 10	1,025 61
St. Paul Refrigerator Line.....			5 25	5 25
Southern Iron Car Line.....	19 11			19 11
Street's Stable Car Line.....	52,540 35			52,540 35
Southeastern Line.....	0 92			0 92
Shippers' Refrigerator Car company.....		56 37		56 37
St. Charles Car company.....	24 98			24 98
Union Tank Line.....		12,539 79		12,539 79
Union Refrigerator Trans. company.....	28 52	5,349 84		5,378 40
American Refrigerator Trans. Co.....		190 66		190 66
Venice Transportation company.....	22 66			22 66
Virginia & Alabama Coal company.....	1 88			1 88
Western Refrigerator Line.....		300 98		300 98
Western Meat Refrigerator Express.....			85 25	85 25
Western Refrigerator Trans. Co.....		99 89		99 89
White Line.....	31 49			31 49
Western Chemical company.....	0 65			0 65
Zenith Milling company.....	2 86			2 86
Total.....	\$ 55,276 81	\$ 26,258 68	\$ 20,779 55	\$ 109,232 44

OATH.

Company's Original Report, Page 79.

STATE OF MINNESOTA, }
COUNTY OF RAMSEY. } ss.

We, the undersigned, C. S. Mellen, president, and M. P. Martin, auditor, of the Northern Pacific Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

C. S. MELLEN, President.

M. P. MARTIN, Auditor.

Subscribed and sworn to before me this 14th day of October, 1898.

[SEAL].

LEON T. CHAMBERLAIN, Notary Public,
Ramsey County, Minnesota.

ANNUAL REPORT
OF THE
CHICAGO, MILWAUKEE AND SAINT PAUL
RAILWAY COMPANY
TO THE
RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Name of common carrier making this report? Chicago, Milwaukee & St. Paul Railway company.

Date of organization? May 5, 1863.

Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. Wisconsin.

If a consolidated company, name the constituent companies. Give reference to charters of each, and all amendments of same. No consolidations.

Date and authority for each consolidation? No consolidations.

If a reorganized company, give name of original corporation, and refer to laws under which it was organized? Formed on the foreclosure of a portion of the LaCrosse & Milwaukee railroad. Organized under the revised statutes of Wisconsin of 1858, Chapter 79, Section 33.

[C., M. & ST. P. RY. CO.]

ORGANIZATION.

Company's Original Report, Page 5.

Name of Directors	Post Office Address	Date of Expiration of Term
Philip D. Armour.....	Chicago.....	September, 1906
August Belmont.....	New York.....	September, 1906
Frank S. Bond.....	New York.....	September, 1906
Charles H. Coster.....	New York.....	September, 1906
Charles D. Dickey, Jr.....	New York.....	September, 1906
Peter Geddes.....	New York.....	September, 1906
Charles W. Harkness.....	New York.....	September, 1906
Frederick Layton.....	Milwaukee.....	September, 1906
Joseph Milbank.....	New York.....	September, 1906
Roswell Miller.....	Chicago.....	September, 1906
William Rockefeller.....	New York.....	September, 1906
Samuel Spencer.....	New York.....	September, 1906
A. Van Santvoord.....	New York.....	September, 1906

Total number of stockholders at date of last election? Five thousand and ten.

Date of last meeting of stockholders for election of directors? September 18, 1905.

Give postoffice address of general office? Chicago, Ill.

Give postoffice address of operating office? Chicago, Ill.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, W. N. D. Winne. Title, general auditor. Address, Chicago, Ill.

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President.....	Roswell Miller.....	Chicago
First vice-president.....	Frank S. Bond.....	New York
Second vice-president.....	A. J. Earling.....	Chicago
Secretary.....	P. M. Myers.....	Milwaukee
Treasurer.....	F. G. Ranney.....	Chicago
General solicitor.....	Burton Hanson.....	Chicago
General counsel.....	George R. Peck.....	Chicago
Comptroller.....	E. O. Sewall.....	Chicago
General auditor.....	W. N. D. Winne.....	Chicago
Assistant general auditor.....	W. F. Dudley.....	Chicago
General manager.....	W. G. Collins.....	Chicago
Chief engineer.....	D. J. Whittemore.....	Chicago
General superintendent.....	H. R. Williams.....	Chicago
Asst. general superintendents.....	Three in number.....	
Division superintendents.....	Sixteen in number.....	
Superintendent of telegraph.....	U. J. Fry.....	Milwaukee
General traffic manager.....	A. C. Bird.....	Chicago
General freight agent.....	J. H. Hiland.....	Chicago
Asst. general freight agents.....	Six in number.....	
General passenger agent.....	G. H. Heafford.....	Chicago
Asst. gen. passenger agents.....	Two in number.....	
Asst. gen. pass. and tkt. agt.....	G. S. Marsh.....	Chicago
Asst. general ticket agent.....	A. F. Merrill.....	Chicago
General baggage agent.....	W. D. Carrick.....	Milwaukee
Land commissioner.....	H. G. Hangan.....	Milwaukee

[C., M. & ST. P. RY. CO.]

PROPERTY OPERATED.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9.

From	To	Illinois	Wisconsin	Iowa	Minnesota	North Dakota	South Dakota	Missouri	Michigan	Total
Chicago.....	Milwaukee.....	45.06	37.92	.....	.....	.....	.....	.....	.....	82.98
Rondout.....	Libertyville.....	3.00	.....	.....	.....	.....	.....	.....	.....	3.00
South Milwaukee.....	LaCrosse.....	.....	196.37	.....	.....	.....	.....	.....	.....	196.37
Watertown Junction.....	Madison.....	.....	38.48	.....	.....	.....	.....	.....	.....	38.48
Portage City.....	East Madison.....	.....	33.01	.....	.....	.....	.....	.....	.....	33.01
Viroqua Junction.....	Viroqua.....	.....	32.17	.....	.....	.....	.....	.....	.....	32.17
North LaCrosse.....	Onalaska.....	.....	3.76	.....	.....	.....	.....	.....	.....	3.76
North LaCrosse.....	Minneapolis.....	.....	1.39	.....	136.72	.....	.....	.....	.....	138.11
St. Croix Junction.....	Stillwater.....	.....	.....	.....	24.78	.....	.....	.....	.....	24.78
Milwaukee.....	North McGregor.....	.....	196.75	.12	.....	.....	.....	.....	.....	196.87
Stock Yards, Milwaukee.....	Merrill Park.....	.....	.80	.....	.....	.....	.....	.....	.....	.80
Mazomanie.....	Prairie du Sac.....	.....	10.37	.....	.....	.....	.....	.....	.....	10.37
Lone Rock.....	Richland Center.....	.....	16.22	.....	.....	.....	.....	.....	.....	16.22
Calmar.....	Minneapolis.....	.....	.....	41.38	130.64	.....	.....	.....	.....	172.02
Conover.....	Decorah.....	.....	.....	27.85	.....	.....	.....	.....	.....	27.85
Austin.....	Mason City.....	.....	.....	.....	11.34	.....	.....	.....	.....	11.34
Mendota.....	St. Paul.....	.....	.....	.....	5.56	.....	.....	.....	.....	5.56
Northfield.....	Cannon Junction.....	.....	.....	.....	31.86	.....	.....	.....	.....	31.86
North McGregor.....	Chamberlain.....	.....	.....	.....	.....	149.77	.....	.....	.....	149.77
Beulah.....	Elkader.....	.....	291.48	.....	.....	.....	.....	.....	.....	291.48
Spencer.....	Spirit Lake.....	.....	.....	20.18	.....	.....	.....	.....	.....	20.18
Rock Valley.....	Hudson.....	.....	.....	8.99	.....	.....	.....	.....	.....	8.99
Marion Junction.....	Running Water.....	.....	.....	.....	.....	.....	39	.....	.....	39
Chestnut street, Milwaukee.....	Portage City.....	.....	100.27	.....	.....	.....	62.85	.....	.....	163.12
Cement Line Junction.....	Rock.....	.....	1.06	.....	.....	.....	.....	.....	.....	1.06
Iron Ridge.....	Fond du Lac.....	.....	31.14	.....	.....	.....	.....	.....	.....	31.14
Horicon.....	Berlin.....	.....	42.80	.....	.....	.....	.....	.....	.....	42.80

[C., M. & ST. P. RY. CO.]

ORGANIZATION.

Company's Original Report, Page 5.

Name of Directors	Post Office Address	Date of Expiration of Term
Philip D. Armour.....	Chicago.....	September, 1898
August Belmont.....	New York.....	September, 1898
Frank S. Bond.....	New York.....	September, 1898
Charles H. Coster.....	New York.....	September, 1898
Charles D. Dickey, Jr.....	New York.....	September, 1898
Peter Geddes.....	New York.....	September, 1898
Charles W. Harkness.....	New York.....	September, 1898
Frederick Layton.....	Milwaukee.....	September, 1898
Joseph Milbank.....	New York.....	September, 1898
Roswell Miller.....	Chicago.....	September, 1898
William Rockefeller.....	New York.....	September, 1898
Samuel Spencer.....	New York.....	September, 1898
A. Van Santvoord.....	New York.....	September, 1898

Total number of stockholders at date of last election? Five thousand and ten.

Date of last meeting of stockholders for election of directors? September 18, 1897.

Give postoffice address of general office? Chicago, Ill.

Give postoffice address of operating office? Chicago, Ill.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, W. N. D. Winne. Title, general auditor. Address, Chicago, Ill.

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President.....	Roswell Miller.....	Chicago
First vice-president.....	Frank S. Bond.....	New York
Second vice-president.....	A. J. Earling.....	Chicago
Secretary.....	P. M. Myers.....	Milwaukee
Treasurer.....	F. G. Ranney.....	Chicago
General solicitor.....	Burton Hanson.....	Chicago
General counsel.....	George R. Peck.....	Chicago
Comptroller.....	E. O. Sewall.....	Chicago
General auditor.....	W. N. D. Winne.....	Chicago
Assistant general auditor.....	W. F. Dudley.....	Chicago
General manager.....	W. G. Collins.....	Chicago
Chief engineer.....	D. J. Whittemore.....	Chicago
General superintendent.....	H. R. Williams.....	Chicago
Asst. general superintendents.....	Three in number.....	
Division superintendents.....	Sixteen in number.....	
Superintendent of telegraph.....	U. J. Fry.....	Milwaukee
General traffic manager.....	A. C. Bird.....	Chicago
General freight agent.....	J. H. Hiland.....	Chicago
Asst. general freight agents.....	Six in number.....	
General passenger agent.....	G. H. Heafford.....	Chicago
Asst. gen. passenger agents.....	Two in number.....	
Asst. gen. pass. and tkt. agt.....	G. S. Marsh.....	Chicago
Asst. general ticket agent.....	A. F. Merrill.....	Chicago
General baggage agent.....	W. D. Carrick.....	Milwaukee
Land commissioner.....	H. G. Haugan.....	Milwaukee

[C., M. & ST. P. RY. CO.]

PROPERTY OPERATED.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9.

From	To	Illinois	Wisconsin	Iowa	Minnesota	North Dakota	South Dakota	Missouri	Michigan	Total
Chicago.....	Milwaukee.....	45.08	37.92							82.98
Rondot.....	Libertyville.....	3.00								3.00
South Milwaukee.....	LaCrosse.....		196.37							196.37
Watertown Junction.....	Madison.....		38.48							38.48
Portage City.....	East Madison.....		33.01							33.01
Viroqua Junction.....	Viroqua.....		32.17							32.17
North LaCrosse.....	Oraha.....		3.76							3.76
St. Croix Junction.....	Minneapolis.....		1.39		136.72					138.11
Milwaukee.....	St. Paul.....		196.75	.12	24.78					24.78
Stock Yards, Milwaukee.....	North McGregor.....									196.87
Mazonie.....	Merill Park.....		10.37							10.37
Lone Rock.....	Prairie du Sac.....		16.22							16.22
Conover.....	Richland Center.....			41.38	130.64					172.02
Asotin.....	Madison.....			10.00	11.34					21.34
Mendota.....	St. Paul.....			27.93	5.54					33.47
Northridge.....	Cannon Junction.....				31.98					31.98
North McGregor.....	Chamberlain.....			291.48			149.77			441.25
Beulah.....	Beulah.....			20.16						20.16
Spencer.....	Spirit Lake.....			8.99						8.99
Rock Valley.....	Madison.....						62.88			62.88
Marion Junction.....	Panning Water.....									9.38
Chestnut Street, Milwaukee.....	Portage City.....		100.27							100.27
Cement Line Junction.....	Rock.....		31.14							31.14
Iron Ridge.....	Rondot.....									1.06
Horicon.....	Berlin.....		42.30							42.30

[C., M. & ST. P. RY. CO.]
PROPERTY OPERATED—Continued.

Company's Original Report, Page 9.

From	To	Illinois	Wisconsin	Iowa	Minnesota	North Dakota	South Dakota	Missouri	Michigan	Total
Brandon	Markesan		11.49							11.49
Ripon	Oshkosh		19.09							19.09
Kush Lake Junction	Winneconne		14.89							14.89
Merrill Park	North Milwaukee		6.17							6.17
South Minneapolis	Aberdeen				178.74		107.02			285.76
Glencoe	Hutchinson				13.45					13.45
Hopkins	Lake Minnetonka				7.84					7.84
Hastings	Benton Junction				33.71					33.71
Milbank	Sisseton						37.24			37.24
Andover	Harlem					17.20	38.71			55.91
Wabasha	Zumbrota				60.21					60.21
Racine	Kittredge	50.63	69.31							119.94
Savanna	East Moline	47.70								47.70
Janeville	Beloit		13.86							13.86
Elkhorn	Eagle		16.59							16.59
Rockton	Rockford			95.90			129.89			225.79
Manilla	Mitchell	14.94		34.92			67.81			102.73
Elk Point	Sioux Falls Junction						20.45			20.45
Tripp	Armour									188.87
North Chicago	Savanna	138.87								138.87
Galewood	Dunning	2.98								2.98
Savanna	Council Bluffs			349.18						349.18
Elk River Junction	Clinton		10.05							10.05
Davenport	Jackson Junction		153.37							153.37
Eldridge	Hurstville			34.61						34.61
Paralia	Farley			43.63						43.63
La Cresent	Woonsocket				296.22					296.22
Wells	Mankato				38.06		97.20			135.26
Madison	Bristol									38.06
Milton	Shullsburg		76.84				108.02			184.86
Brodhead	New Glarus		22.78							22.78
Warren	Mineral Point		31.28							31.28
Calamine	Platteville	1.01	17.06							18.07
Sabula Junction	River Junction				24.93					24.93
Belleue	Cascade			186.18						186.18
Turkey River Junction	West Union			35.77						35.77
Waukon Junction	Waukon			58.34						58.34
Reno	Waukon			22.95						22.95
					57.77					57.77

Total miles of road		Total miles of track owned jointly		Total miles operated	
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Total miles of road		Total miles of track owned jointly		Total miles operated	

[C., M. & ST. P. RY. CO.]

CAPITAL STOCK.

Company's Original Report, Page 17.

Description	Number of Shares Authorized	Par Value of Shares	Total Par Value Authorized	Total Amount Issued and Outstanding	Dividends Declared During Year	
					Rate	Amount
Capital Stock:						
Common		\$ 100		\$ 46,026,600	3 per cent	*\$ 1,390,798 00
Preferred		100		31,818,400	2½ per cent	+ 1,150,665 00
					3¼ per cent	* 1,016,921 50
					3½ per cent	+ 1,067,324 00
Total	Not fix'd		Not fixed	\$ 77,845,000		\$ 4,635,708 50

Manner of Payment for Capital Stock	No. of Shares Issued During Year	Total Number Shares Issued and Outstanding	Total Cash Realized
Issued for cash: Common		170,840 26	\$ 16,392,069 05
Preferred		51,989 17	5,212,248 80
Issued in exchange for bonds: Preferred	27,635	159,870 00	
Issued for dividends: Common		82,613 63	
Issued for purchase of stock of Common		206,812 09	
other companies and other lines of road			
Preferred		106,324 83	
Total	27,635	778,450 00	\$ 21,604,317 85

* From net earnings of fiscal year ending June 30, 1897.

† From net earnings of fiscal year ending June 30, 1898.

The stock issued for dividends was in lieu of amount of net earnings which had been expended for construction and was charged to income account.

[C., M. & ST. P. RY. CO.]

FUNDED DEBT, JULY 30, 1898.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS AND INCOME BONDS.

Company's Original Report, Page 19.

Description of Bonds	Date of Issue	When Due	Rate of Interest Per Ct	Interest Payable	Amount of Bonds Outstanding	Interest	
						Accrued During the Year	Paid During the Year
Chicago & Milwaukee division.....	1873	1903	7	Jan. and July	\$ 2,145,000 00	\$ 150,150 00	\$ 150,115 00
St. Paul (or River) division.....	1872	1902	7	"	2,653,000 00	185,710 00	184,345 00
St. Paul (or River) division, Sterling.....	1872	1902	7	"	287,000 00	27,080 00	27,597 50
Iowa & Dakota division.....	1869	1899	7	"	285,000 00	19,950 00	20,195 00
Hastings & Dakota division.....	1872	1903	7	"	89,000 00	6,230 00	6,290 00
Consolidated mortgage.....	1874	1904	7	"	183,000 00	12,810 00	13,090 00
Terminal mortgage.....	1875	1905	7	"	10,327,000 00	722,880 00	724,815 00
Iowa & Dakota division extension.....	1884	1914	5	"	4,718,000 00	237,400 00	236,450 00
Hastings & Dakota division extension.....	1880	1910	5	"	3,339,000 00	233,730 00	234,220 00
Southwestern division.....	1879	1909	7	"	5,680,000 00	397,600 00	377,110 00
LaCrosse & Davenport division.....	1879	1909	6	"	4,000,000 00	49,500 00	49,325 00
Chicago & Pacific division.....	1880	1910	5	"	2,500,000 00	125,000 00	124,875 00
Southern Minnesota division.....	1880	1910	5	"	2,500,000 00	125,000 00	124,875 00
Chicago & Pacific western division.....	1880	1910	5	"	25,310,000 00	1,267,000 00	1,266,800 00
Mineral Point division.....	1881	1921	5	"	7,132,000 00	445,920 00	444,990 00
Dubuque division.....	1880	1910	5	"	2,840,000 00	142,000 00	142,125 00
Wisconsin & Minnesota division.....	1880	1920	6	"	2,223,000 00	133,620 00	129,630 00
Wisconsin Valley division.....	1880	1920	6	"	2,227,000 00	133,750 00	129,630 00
Chicago & Lake Superior division.....	1881	1921	5	"	4,753,000 00	286,350 00	286,350 00
Chicago & Missouri River division.....	1886	1926	5	"	1,360,000 00	68,000 00	67,925 00
Dakota & Great Southern Railway company.....	1886	1916	5	"	2,853,000 00	154,150 00	153,875 00
Fargo & Southern Railway company.....	1883	1924	7	"	2,556,000 00	142,800 00	142,800 00
Wisconsin Valley Railroad company.....	1879	1909	7	"	1,250,000 00	75,000 00	75,000 00
Income sinking fund convertible.....	1886	1916	5	"	1,106,500 00	77,445 00	77,227 50
General mortgage.....	1889	1889	5	"	1,251,000 00	64,550 00	64,550 00
Milwaukee & Northern Railroad company, 1st mortgage.....	1880	1910	6	June and Dec.	23,174,000 00	1,166,960 00	1,166,960 00
Milwaukee & Northern Railroad company, consolidated.....	1884	1913	6	"	2,135,000 00	129,300 00	129,060 00
Iowa & Minnesota division.....	1887	1897	7	"	5,082,000 00	365,520 00	241,200 00
Prairie du Chien division, 1st mortgage.....	1897	1898	8	"	33,000 00	1,213 33	1,040 00
Carried forward.....						\$ 7,372,798 33 ^a	\$ 6,925,152 90

^b Bonds matured and interest ceased Feb. 1, 1898.

^a Bonds matured and interest ceased July 1, 1897.

[C. M. & ST. P. RY. CO.]

FUNDED DEBT, JUNE 30, 1898—Continued.

Company's Original Report, Page 19.

Description of Bonds	Date of Issue	When Issued	Rate of Interest Pr Ct	Interest Payable	Amount of Bonds Outstanding	Interest	
						Accrued During the Year	Paid During the Year
Brought forward.....	.....	.....	.....	.....	\$136,571,500 00	\$ 7,372,798 33	\$ 6,925,152 90
^b Prairie du Chien division, 2d mortgage.....	1867	1868	7.3	.....	5,000 00	212 91	182 50
^c Income sinking fund convertible.....	1886	1910	5	.....	12,000 00	353 33	300 00
Interest on bonds retired.....	.....	.....	.....	.....	.....	165,543 99	352,985 40
Interest on bonds in the treasury of the company and in the hands of trustees.....	.....	.....	.....	.....	.....	\$ 7,526,908 56	\$ 7,278,620 80
Total.....	.....	.....	.....	.....	\$150,588,500 00	\$ 7,190,431 46	\$ 7,278,620 80

^b Bonds matured and interest ceased Feb. 1, 1898.^c Selected by lot for payment. Interest ceased Feb. 3, 1898.

Class of Bond or Obligation	Amount Outstanding	Interest	
		Amount Accrued During Year	Amount Paid During Year
Mortgage bonds.....	\$ 135,285,500 00	\$ 7,125,328 13	\$ 7,213,770 80
Income bonds.....	1,303,000 00	64,903 33	64,850 00
Grand total not fixed.....	\$ 136,588,500 00	\$ 7,190,431 46	\$ 7,278,620 80

Unable to ascertain the consideration upon which all bonds were originally issued.

[C., M. & ST. P. RY. CO.]

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amt Issued	Amount Out- standing	Interest	
			Amt Accru'd During Year	Amt Paid During Year
Mortgage bonds, page 19.....	\$ 135,285,500	\$7,125,528 13	\$ 7,213,770 80
Income bonds, page 19.....	1,808,000	64,903 33	64,850 00
Total.....	\$ 136,588,500	\$7,190,431 46	\$ 7,278,620 80

CURRENT ASSETS AND LIABILITIES.

Company's Original Report, Page 23.

Cash and Current Assets Available for Payment of Current Liabilities		Current Liabilities Accrued to and Including June 30, 1898.	
Cash on deposit and on hand.....	\$ 5,087,742 83	Audited vouchers and ac- counts.....	\$ 634,593 40
Due from agents and con- ductors.....	415,847 17	Wages and salaries.....	1,358,086 71
Due from solvent companies and individuals.....	111,840 67	Net traffic balances due to other companies.....	140,196 86
United States government....	307,516 20	Dividends not called for....	47,676 58
Total—Cash and current assets.....	\$5,922,946 87	Matured interest coupons unpaid (including cou- pons due July 1).....	3,391,847 83
Total.....	\$5,922,946 87	Total—Current liabilities	\$ 5,572,401 38
		Balance—Cash assets....	350,545 49
		Total.....	\$ 5,922,946 87

Materials and supplies on hand, \$2,265,902.03. (See general balance sheet, page 49.)

[C, M. & ST. P. RY. CO.]

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment to Railroads	Amount Per Mile of Line	
			Miles	Amount
Capital stock—Page 17.....	\$ 77,845,000 00	All	6,153.83	\$ 12,649.84
Bonds—Page 19 ("Grand Total").....	136,588,500 00	All	6,153.83	22,166.69
Total	\$ 214,433,500 00	All	6,153.83	\$ 34,845.53

B. FOR MILEAGE OPERATED BY ROAD MAKING THIS REPORT (TRACKAGE RIGHTS EXCLUDED), THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

Company's Original Report, Page 25.

Name of Road	Capital Stock	Funded Debt	Total	Amount Per Mile of Line	
				Miles	Amount
Chicago, Milwaukee & St. Paul Railway company.....	\$ 77,845,000 00	\$ 136,588,500 00	\$ 214,433,500 00	6,153.83	\$ 34,845.53
Total.....	\$ 77,845,000 00	\$ 136,588,500 00	\$ 214,433,500 00	6,153.83	\$ 34,845.53

[C., M. & ST. P. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.

Company's Original Report, Page 28A.

Item.	Expenditures During Year			Total Cost to June 30, 1887	Total Cost to June 30, 1888	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses	Charged to Income Account as Permanent Improvements			
Construction:						
Real estate.....	\$	\$	\$			
Second track.....	\$	\$	\$			
Third and fourth tracks.....	\$	\$	\$			
Miscellaneous.....	\$	\$	\$			
Credits.....	\$	\$	\$			
Total construction.....	\$	\$	\$			
Equipment:						
Sleeping, parlor and dining cars.....	\$	\$	\$			
Baggage, express and postal cars.....	\$	\$	\$			
Combination cars.....	\$	\$	\$			
Freight cars.....	\$	\$	\$			
Air brakes, automatic couplers, etc.....	\$	\$	\$			
Total equipment.....	\$	\$	\$			
Total construction, page 28A.....	\$	\$	\$	\$212,594,714 15	\$214,186,294 69	\$ 34,906 83
Grand total cost construction, equipment, etc.....	\$	\$	\$	\$ 4,251,894 28	\$ 4,283,905 89	\$ 34,906 83
Total cost construction, equipment, etc.—State of North Dakota, road mileage basis.....	\$	\$	\$			

*6,153.83 miles.

[C., M. & ST. P. RY. CO.]

INCOME ACCOUNT.

Company's Original Report, Page 31.

Gross earnings from operation—Page 35.....	\$ 34,189,663 68	
Less operating expenses—Page 43.....	20,067,435 98	
Income from Operation.....		\$ 14,122,227 75
Dividends on stocks owned—Page 37.....	3,540 00	
Interest on bonds owned—Page 39.....	34,214 51	
Miscellaneous income—less expenses—Page 41.....	93,263 61	
Income from other sources.....		131,018 12
Total income.....		\$ 14,253,245 87
Deductions from Income:		
Interest on funded debt, accrued—Page 23.....	\$ 7,190,431 46	
Taxes.....	1,134,130 68	
Total deductions from income.....		8,324,562 14
Net income.....		\$ 5,928,683 73
Dividends, 5% per cent, common stock—Page 17.....	\$ 2,531,463 00	
Dividends, 7 per cent, preferred stock—Page 17.....	2,104,245 50	
Total.....		4,635,708 50
Surplus from operations of year ending June 30, 1898.....		\$ 1,292,975 23
Surplus on June 30, 1897, (from "General Balance Sheet," 1897 Report).....		8,509,719 85
Surplus on June 30, 1898, (for entry on "General Balance Sheet," Page 51).....		\$ 9,802,695 08

[C., M. & ST. P. RY. CO.]

EARNINGS FROM OPERATION, (ACTUAL).

STATE OF NORTH DAKOTA.

Company's Original Report, Page 35.

Item	Total Receipts	Actual Earnings
Passenger:		
Passenger revenue.....	\$	\$ 29,301 45
Total passenger revenue.....	.....	\$ 29,301 45
Mail.....	7,543 22	
Express.....	3,153 16	
Extra baggage and storage.....	550 02	
Other items, news service.....	72 00	
	\$	11,321 30
Total passenger earnings.....	.....	\$ 40,622 75
Total freight revenue .....	.....	\$ 38,994 56
Total freight earnings.....	.....	\$ 38,994 56
Total passenger and freight earnings.....	.....	\$ 79,617 31
Other Earnings from Operation:		
Telegraph companies.....	487 82	
*Rents from tracks, yards and terminals—Page 41.....	.....
Rents not otherwise provided for.....	436 25	
Total other earnings.....	.....	\$ 924 07
Total gross earnings from operation—North Dakota.....	.....	\$ 80,541 38
Total gross earnings from operation—Entire Line.....	.....	\$ 34,189,063 68

*Deducted from rentals paid, as shown on page 47 and balance included in operating expenses on page 45.

[C., M. & ST. P. RY. CO.]

STOCKS OWNED.

A. RAILWAY STOCKS.

Company's Original Report, Page 37.

Name	Total Par Value	Income or Dividend Received	Valuation
Kansas City Belt Railway company.....	\$ 20,000 00	\$.....	\$ 20,000 00
Minnesota Transfer Railway company.....	7,000 00	.....	7,000 00
Minneapolis Eastern Railway company.....	15,000 00	.....	15,000 00
Chicago Union Transfer Railway company.....	40,000 00	.....	40,000 00
Milwaukee & Northern Railroad company.....	6,157,850 00	.....	30,789 25
Elgin, Joliet & Eastern Railway company.....	400,000 00	.....	4,000 00
Lisbon, Necedah & Lake Superior Railway Co.....	25,000 00	.....	125 00
Oshkosh & Mississippi River Railway.....	138,800 00	.....	694 50
Union Pacific Railroad.....	10,000 00	.....	1,887 50
Chicago, Milwaukee & St. Paul Railway.....	4,700 00	.....	4,700 00
Minneapolis & St. Louis Railroad.....	.....	25 00	.....
Total.....	\$ 6,818,450 00	\$ 25 00	\$ 124,196 25

B. OTHER STOCKS.

Name	Total Par Value	Rate	Income or Dividend Received	Valuation
Braceville Coal company.....	\$ 100,000 00	.....	\$.....	\$ 100,000 00
Excelsior Coal company.....	150,000 00	.....	.....	150,000 00
St. Paul Union Depot company.....	43,750 00	6	2,625 00	43,750 00
Merrill Boom company.....	38,052 00	.....	.....	38,052 00
Tomahawk Land and Boom company.....	69,900 00	.....	.....	69,900 00
Council Bluffs Union Elevator company.....	46,700 00	.....	.....	46,666 67
Milwaukee Land company.....	61,000 00	.....	.....	61,000 00
Milwaukee Industrial Exposition.....	10,000 00	.....	.....	100 00
Minneapolis Industrial Exposition.....	2,500 00	.....	.....	100 00
Lake Madison Chautauqua Association.....	500 00	.....	.....	500 00
Spirit Lake Chautauqua Association.....	200 00	.....	.....	200 00
Wausau Boom company.....	450 00	.....	.....	450 00
Wisconsin River Driving Association.....	1,200 00	10	120 00	1,200 00
St. Paul Warehouse and Elevator Co.....	.....	.....	770 00	.....
Total.....	\$ 522,252 00	.....	\$ 3,515 00	\$ 509,918 67
Grand Total—A and B.....	\$7,340,702 00	.....	\$ 3,540 00	\$ 634,114 92

[C., M. & ST. P. RY. CO.]

BONDS OWNED.**A. RAILWAY BONDS.**

Company's Original Report, Page 39.

Name	Total Par Value	Rate Per Cent	Income or Interest Received	Valuation
Minnesota Transfer Railway Co.....	\$ 113,000 00	5	\$ 944 31	\$ 113,000 00
Minneapolis Eastern Railway Co.....	75,000 00	7	15,050 00	60,000 00
Chicago, Milwaukee & St. Paul Railway Co.	5,784,000 00	.....	16,660 00	5,817,247 50
Milwaukee & Northern Railroad Co.....	1,089,000 00	.....	.....	1,089,000 00
Kansas City Belt Railway Co.....	.....	.....	420 00	.....
Total.....	\$7,041,000 00	.....	\$ 33,074 51	\$7,079,247 50

B. OTHER BONDS.

Name	Total Par Value	Rate Per Cent	Income or Interest Received	Valuation
City of Ottumwa, Ia.....	\$ 18,000 00	4	\$ 780 00	\$ 18,000 00
City of New Lisbon, Wis.....	1,500 00	.....	.....	1,500 00
Village of Flandreau, S. D.....	10,000 00	.....	.....	100 00
Town of Ortonville, Minn.....	8,500 00	.....	.....	2,500 00
Town of Graceville, Minn.....	5,000 00	6	300 00	2,500 00
Town of Tarah, Minn.....	1,000 00	6	60 00	250 00
Total.....	\$ 44,000 00	.....	\$ 1,140 00	\$ 24,850 00
Grand total—A and B.....	\$7,085,000 00	.....	\$ 34,214 51	\$7,104,097 50

[C., M. & ST. P. RY. CO.]

RENTALS RECEIVED.

RENTS RECEIVED FROM LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 41.

Designation of Property	Situation of Property Leased	Name of Company Using Property Leased	Total
Tracks and terminals	Rugby Jct. to Milw'kee.	Wisconsin Central lines...	\$ 119,128 46
	Portage, Wis.....	Wisconsin Central lines....	1,200 00
	Eau Claire, Wis.....	Wisconsin Central lines....	1,273 88
	Hilbert to Menasha.....	Wisconsin Central lines....	10,141 55
	Ottumwa, Ia.....	Wabash railroad.....	4,454 28
	Green Bay, Wis.....	K. G. B. & W. railway.....	265 89
	Bagley Jct., Wis.....	Wisconsin & Michigan R. R.	8,396 97
	Minneapolis, Minn.....	St. Paul & Duluth railroad..	12,000 00
	Minneapolis, Minn.....	M., St. P. & S. S. M. Ry....	9,999 96
	Minneapolis, Minn.....	Northern Pacific railroad..	10,999 92
	Ottumwa, Ia.....	Iowa Central railway.....	1,500 00
	Kansas City, Mo.....	K. C. & Nor. Con. railroad..	16,582 05
	Stillwater, Minn.....	C., St. P., M. & O. railway..	217 50
	Baytown, Minn.....	C., St. P., M. & O. railway..	101 77
	Council Bluffs, Ia.....	Omaha & St. Louis railway..	800 00
Terminals and tracks	Clinton, Ia.....	C., B. & Q. railroad.....	420 00
	Winona, Minn.....	C., B. & N. railroad.....	138 20
	Cedar Rapids, Ia.....	Illinois Central railroad....	270 00
	Council Bluffs, Ia.....	K. C., St. J. & C. B. railroad	169 88
	Cement Mills, Wis.....	C. & N. W. railway.....	1,000 00
	Ottumwa, Ia.....	C., Ft. M. & D. M. railway..	1,200 00
	Lyle, Minn.....	Illinois Central railroad....	120 00
	Port Edwards, Wis.....	Marshfield & S. E. railroad..	45 87
	Menominee, Mich.....	Ann Arbor railroad.....	71 84
	Sioux City, Ia.....	S. C., O. N. & W. railway....	3,194 54
	Mosinet, Wis.....	Jos. Dessert Lbr. company..	250 00
Grand total rents received.....			\$ 208,155 28

[C., M. & ST. P. RY. CO.]

MISCELLANEOUS INCOME.

Company's Original Report, Page 41.

Item	Gross Income	Less Expenses	Net Miscellaneous Income
Land department.....	\$ 7,317 12
Interest and exchange.....	85,946 49
Total.....	\$ 93,263 61

[C., M. & ST. P. RY. CO.]

OPERATING EXPENSES.

Company's Original Report, Pages 43-45.

Item.	Amount
Maintenance of Way and Structures:	
Repairs of roadway.....	\$ 1,833,752 13
Renewals of rails.....	613,280 35
Renewals of ties.....	753,926 49
Repairs and renewals of bridges and culverts.....	676,858 97
Repairs and renewals of fences, road crossings, signs and cattle guards.....	218,973 72
Repairs and renewals of buildings and fixtures.....	504,264 40
Repairs and renewals of telegraph.....	33,503 84
Stationery and printing.....	890 67
Other expenses—Renewal account.....	1,125,000 00
Total.....	\$ 5,760,270 57
Maintenance of Equipment:	
Superintendence.....	\$ 207,960 49
Repairs and renewals of locomotives.....	1,043,751 40
Repairs and renewals of passenger cars.....	427,049 25
Repairs and renewals of freight cars.....	870,600 37
Repairs and renewals of work cars.....	31,219 44
Repairs and renewals of shop machinery and tools.....	65,767 31
Stationery and printing.....	7,663 76
Other Expenses.....	55,103 52
Total.....	\$ 2,709,115 54
Conducting Transportation:	
Superintendence.....	\$ 358,364 65
Engine and roundhouse men.....	2,117,221 24
Fuel for locomotives.....	2,176,026 19
Water supply for locomotives.....	72,078 79
Oil, tallow and waste for locomotives.....	59,436 52
Other supplies for locomotives.....	21,448 27
Train service.....	1,660,885 75
Train supplies and expenses.....	214,873 73
Switchmen, flagmen and watchmen.....	632,990 91
Telegraph expenses.....	496,212 21
Station service.....	1,381,111 61
Station supplies.....	134,181 50
Switching charges—Balance.....	255,449 36
Car mileage—Balance.....	217,469 95
Loss and damage.....	115,845 35
Injuries to persons.....	147,559 47
Clearing wrecks.....	16,084 36
Advertising.....	54,658 17
Outside agencies.....	296,584 40
Stock yards and elevators.....	44,191 06
Rents for tracks, yards and terminals—Page 47B—Paid \$380,412.28)	
Less rents for tracks, yards and terminals—Page 41A—Received)	
\$203,155.26.....	177,257 02
Rents of buildings and other property.....	70,369 42
Stationery and printing.....	122,588 49
Other expenses.....	39,925 65
Total.....	\$ 10,852,814 07
General Expenses:	
Salaries of general officers.....	228,658 13
Salaries of clerks and attendants.....	207,512 13
General office expenses and supplies.....	41,219 93
Insurance.....	89,734 34
Law expenses.....	92,193 02
Stationery and printing (general offices).....	13,641 43
Other expenses.....	72,276 77
Total.....	\$ 745,235 75

[C., M. & ST. P. RY. CO.]

OPERATING EXPENSES—Continued.

Company's Original Report, Pages 43-45.

Item	Amount
Recapitulation of Expenses:	
Maintenance of way and structures.....	\$ 5,760 270 57
Maintenance of equipment.....	2,709,115 54
Conducting transportation.....	10,852,814 07
General expenses.....	745,235 75
Grand Total.....	\$ 20,067,435 93
Percentage of expenses to earnings—Entire line (excluding taxes), 58.69 per cent.	
Operating Expenses, Revenue Train Mileage Basis—State of North Dakota:	
Maintenance of way and structures.....	\$ 28,901 35
Maintenance of equipment.....	13,545 58
Conducting transportation.....	54,264 07
General expenses.....	3,726 18
Total.....	\$ 100,337 18
Percentage of expenses to earnings—North Dakota (excluding taxes), 124.58 per cent.	

RENTALS PAID.

B. RENTS PAID FOR LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 47.

Designation of Property	Situation of Property Leased	Name of Company Owning Property Leased	Total
	Milwaukee, Wis....	Chicago & North Western Ry.	\$ 450 00
	Cedar Rapids, Ia....	" " " "	66 48
	Winona, Minn....	" " " "	47 34
	Menominee, Mich..	" " " "	21 00
	East Moline—R. I..	Chicago, Rock Island & P. Ry.	15,000 00
	Council Bluffs, Ia..	" " " "	95 00
	Dubuque, Ia.....	Illinois Central Railroad.....	3,240 00
Tracks.....	Chicago, Ill.....	Chicago Termi. Tr. Ry. Co.....	3,613 50
	Council Bluffs, Ia..	K. C., St. J. & C. B. Railroad..	420 00
	Kansas City, Mo....	K. C., Ft. Scott & M. Railroad..	960 00
	Kansas City, Mo....	Wstrn. Storage & Warehouse Co.	750 00
	Chicago, Ill.....	P., C. & St. L. Railway.....	40,259 14
	Franklin Park, Ill..	Wisconsin Central Lines.....	7,660 03
	Gr'd Cr'g to Trevino	Chicago, B. & Northern R. R....	30 61
	Charles City to Lyle	Illinois Central Railroad.....	17 00
Tracks and termin- als.....	Davis Jc. to R'kford	Chic., Burl. & Quincy R. R....	28,834 67
	Coburg to Kans. Cy.	Kansas City Belt Railway.....	69,411 93
	Omaha, Neb.....	Union Pacific Railway.....	72,474 88
	Omaha, Neb.....	Burl. & Missouri River R. R....	7,371 20
	Dubuque, Ia.....	Illinois Central Railroad.....	125 00
	Kansas City, Mo....	K. C., Ft. Scott & M. Railroad..	386 50
	Kansas City, Mo....	Kansas City Stockyards Co.....	2,312 00
	Minnesota Transfer	Minn. Trans. Ry. company.....	26,777 61
	Minnesota Transfer	Minns. Belt L. Ry. & Tr. Co....	540 50
Terminals.....	Chicago, Ill.....	Pennsylvania company.....	58,882 76
	Sioux City, Ia.....	Sioux City Stockyards Co.....	1,238 50
	St. Paul, Minn....	St. Paul Union Depot company..	24,391 49
	Stillwater, Minn....	Stillwater U. Depot & Tr. Co....	1,331 89
	Kansas City, Mo....	S. B. Hough & Co.....	390 00
	Omaha, Neb.....	Union Stockyards company.....	1,567 00
	Chicago, Ill.....	Union Stockyards & Trans. Co..	12,041 25
	Council Bluffs, Ia..	Union Pacific Railway.....	4,400 00
Total.....			\$ 380,412 28
Grand Total Rents			\$ 380,412 28

[C., M. & ST. P. RY. CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 51.

June 30, 1897		Assets		June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total		Increase	Decrease
\$ 212,394,714 13		Cost of road—Page 29 A.....		\$ 214,195,234 06		\$ 1,800,580 54	
658,735 42		Cost of equipment—Page 29 B.....		634,114 92		.....	\$ 24,620 50
6,122,510 00		Stocks owned—Page 37.....		7,104,097 50		.....
13,270 70		Bonds owned—Page 38.....		13,258 20		.....	12 50
3,619,677 18		Lands owned.....		3,022,946 87		308,289 60	
		Cash and current assets—Page 23.....		2,265,902 08		354,614 27	
1,911,287 76		Other Assets:		589,786 37		.....	8 52
580,704 89		Materials and supplies.....		1,691,759 70		1,094,729 72	
567,023 98		Sinking fund—trustees.....		10,000 00		.....
10,000 00		Due from trustees.....				.....
		Insurance department.....				.....
\$ 228,087,020 08		Grand Total.....		\$ 232,397,160 08		\$ 4,310,140 20	
June 30, 1897		Liabilities		June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total		Increase	Decrease
\$ 75,081,500 00		Capital stock—Page 17.....		\$ 77,845,000 00		\$ 2,763,500 00	
137,762,000 00		Funded debt—Page 23.....		138,598,500 00		.....	\$ 1,173,500 00
4,922,371 78		Current liabilities—Page 23.....		5,572,401 88		640,029 60	
176,555 83		Amount exclusive of funded debt not yet paid—Page 23.....		30,790 00		.....	145,765 83
590,764 89		Sinking fund—trustees.....		602,178 37		11,811 48	
431,582 00		Rolling stock replacement fund.....		238,692 00		.....	174,940 00
602,575 73		General fund.....		1,688,505 45		.....
8,509,719 85		Profit and loss—Page 31.....				.....
		Grand Total.....		\$ 232,397,160 28		\$ 4,310,140 20	

[C., M. & ST. P. RY. CO.]

IMPORTANT CHANGES DURING THE YEAR.

ENTIRE LINE.

Company's Original Report, Page 53.

1. All extensions of road put in operation.
2. Decrease in mileage by line abandoned or line straightened.
3. All other important physical changes.
4. All leases taken or surrendered.
5. All consolidations or reorganizations effected.
6. All new stocks issued.
7. All new bonds issued.
8. All other important financial changes.

Nos. 1, 2, 3, 4 and 5. None.		
No. 6. Increase in preferred stock: 27,635 shares issued in exchange for bonds		\$ 2,763,500 00
No. 7. Decrease in funded debt:		
Increase for expenditures for equipment, real estate and improvements		1,590,000 00
In exchange for other bonds.....		2,727,000 00
		\$ 4,317,000 00
Decrease—Received in exchange for preferred stock and cancelled.....	\$ 2,763,500 00	
Redeemed and cancelled during the year.....	2,727,000 00	
		\$ 5,490,500 00
Net decrease.....		\$ 1,173,500 00
No 8. None.		

CONTRACTS, AGREEMENTS, ETC.

ENTIRE LINE.

Company's Original Report, Page 55.

1. Express companies.
2. Mails.
3. Sleeping, parlor or dining car companies.
4. Freight or transportation companies or lines.
5. Other railroad companies.
6. Steamboat or steamship companies.
7. Telegraph companies.
8. Telephone companies.
9. Other contracts.

No. 1. The United States Express company occupies the lines of this company, doing a general express business. Rates are various and are governed by the business done and the facilities furnished.

No. 2. Compensation for mail service is not permanently fixed. Service is ordered subject to the rules and regulations of the postoffice department, and the amount paid is based upon the weight of the mail transported over each route.

No. 3. Sleeping, parlor and dining cars are owned and run by the Chicago, Milwaukee & St. Paul Railway company.
 Sleeping car rates, \$1.50 to \$3.00, according to distance.
 Parlor car rates, 25 cents to \$1.00, according to distance.
 Dining car rates, \$1.00 per meal and a la carte.

No. 4. The cars of all transportation companies are allowed to run over the lines of this company paying regular rates and receiving mileage.

Nos. 5, 6, 7, 8 and 9. None.

[C., M. & ST. P. R. V. CO.]

SECURITY FOR FUNDED DEBT.

Company's Original Report, Page 57.

Name of Road	Lien	Line (or Property) Mortgaged	Miles	Outstanding
Iowa and Minnesota division.....	1st	McGregor to	220.00	\$ 35,000.00
Prairie du Chien division, 8 per cent.....	"	Milwaukee to	194.00	26,000.00
Prairie du Chien division, 7 & 10 per cent.....	2nd	Milwaukee to	...	5,000.00
Chicago and Milwaukee division.....	1st	Chicago to	82.20	2,145,000.00
St. Paul (or River) division.....	"	La Crescent to	128.10	3,040,500.00
Iowa and Dakota division.....	"	Calmar to	125.00	285,000.00
Hastings and Dakota division.....	"	Hastings to	74.20	86,000.00
Consolidated.....	2nd	On above described lines.	...	...
	1st	La Crosse bridge and approaches.....	1.70	...
	"	Milton to	42.00	...
	"	Austin to	40.00	...
	"	Conover to	10.00	...
	"	Sabula to	87.00	...
	"	Real estate and improvements in	...	10,510,000.00
Terminal.....	"	Chicago and Milwaukee.....	...	4,745,000.00
Iowa and Dakota division extension.....	"	Marion Junction to	273.90	...
Hastings and Dakota division extension.....	"	Running Water.....	62.00	3,339,000.00
	"	Roscoe to	278.00	...
	"	Eureka.....	26.35	...
	"	Aberdeen to	64.15	...
	"	Milbank Junction to	33.00	6,670,000.00
Southwestern division.....	"	Racine to	190.00	...
	"	Eagle to	17.00	4,000,000.00
La Crosse and Davenport division.....	"	Davenport to	150.50	...
	"	Eldridge Junction to	32.19	2,500,000.00
Chicago and Pacific division.....	"	Chicago to	116.00	...
	2nd	Kittredge to	21.50	...
	1st	Sabula bridge and approaches.....	3.54	3,000,000.00
Chicago and Pacific Western division.....	"	Cedar Rapids to	283.84	...
	"	Marion to	261.70	...
	"	Sioux City to	90.10	...
	"	Egan to	82.76	...
	"	Sioux City to	262.60	...
	"	Elk Point to	70.00	...
	"	Eden to	9.00	...
	"	Farley to	47.00	25,340,000.00
Southern Minnesota division.....	"	La Crescent to	346.50	...
	"	Wells to	38.10	...
	"	Minneapolis to	23.88	7,452,000.00
	"	Benton Junction.....	...	...

[C., M. & ST. P. RY. CO.]

SECURITY FOR FUNDED DEBT—Continued.

Company's Original Report, Page 37.

Name of Road	Lien	Line (or Property) Mortgaged	Miles	Outstanding
Mineral Point division.....	1st	Warren to Calamine to Monroe to Lone Rock to Viroqua to La Crescent to Caledonia Junction to Waukon Junction to Turkey River Junction to Bellevue to Tombah to Merrill to Wabasha to Hastings to Northfield to Wabasha to Red Cedar Junction to Minneapolis to Read's Landing bridge.....	33.00 18.00 34.00 16.00 32.00 178.00 37.30 22.80 57.20 35.30 107.00 54.30 60.00 25.30 32.30 65.00 21.00 10.00	\$ 2,840,000 00 6,225,000 00 2,227,000 00 4,755,000 00
Chicago and Lake Superior division.....	"	Janesville to Rockton to Madison to Tripp to Roscoe to Roscoe to Madison to Andover to Ortonville to Tombah to Not secured by mortgage.....	14.00 15.00 39.00 20.40 15.50 41.10 102.70 56.00 117.00	1,390,000 00 3,063,000 00 2,856,000 00 1,250,000 00 1,104,500 00 1,808,000 00
Chicago and Missouri River division.....	"	Authorized issue \$150,000.00—covering all property of the company For refunding above mentioned debt, and for extension and improvement of road.....	.....	.....
Dakota & Great Southern railway.....	"	Green Bay.....	.....	29,174,000 00
Fargo & Southern railway.....	"	Appleton.....	126.77	2,183,000 00
Wisconsin Valley railroad.....	1st	North Milwaukee to Hilbert Junction to	.....	.....
Income sinking fund, convertible General mortgage.....	"	.....	.....	.....

Milwaukee & Northern railroad, consoli- dated*	2nd 1st 2nd 1st " " " " " "	North Milwaukee to Green Bay to Hilbert Junction to Menasha to Oconto Junction to Ellis Junction Wausaukee to Channing to Sidnaw to *Authorized issue \$8,000,000. For refunding above mentioned debt of \$2,155,000, and for extensions of road.	Green Bay Champion Appleton Neenah Oconto Menominee Northwest Sidnaw Ontonagon For refunding above mentioned debt of \$2,155,000, and for extensions of road.	253.81 20.35 1.00 11.94 22.43 17.00 47.05 45.90 5,092,000 00
Total				\$ 136,538,500 00

All of the equipment and rolling stock reported as owned on page 65 of this report is covered by and included in the several mortgages of the company, and it is used on the whole line as an entirety without division.

[C., M. & ST. P. RY. CO.]

EMPLOYES AND SALARIES.

ENTIRE LINE.

Company's Original Report, Page 59.

Class	Number	Total Number of Days Worked	Total Yearly Compensation	Average Daily Compensation
General officers.....	32	11,680	\$ 228,658 13	\$ 19 58
Other officers.....	52	18,980	196,220 44	10 18
General office clerks.....	275	86,075	207,512 13	2 41
Station agents.....	895	280,135	470,531 76	1 68
Other station men.....	2,570	804,410	1,230,327 89	1 53
Enginemen.....	858	268,554	1,000,317 25	3 72
Firemen.....	858	268,554	900,625 83	2 24
Conductors.....	708	221,604	789,211 28	3 56
Other trainmen.....	1,087	340,231	703,926 50	2 07
Machinists.....	290	90,770	226,178 21	2 49
Carpenters.....	563	176,219	329,042 35	1 87
Other shopmen.....	1,671	528,023	930,725 89	1 78
Section foremen.....	948	296,724	513,289 15	1 73
Other trackmen.....	3,471	1,086,423	1,325,008 34	1 22
Switchmen, flagmen and watchmen.....	1,011	316,443	629,270 69	1 99
Telegraph operators and dispatchers.....	767	240,071	501,847 93	2 09
All other employees and laborers.....	3,896	1,219,448	2,597,646 93	2 13
Total (including "General Officers").....	19,952	6,249,344	\$ 12,477,340 70	\$ 2 00
Less "General Officers".....	32	11,680	228,658 13	19 58
Total (excluding "General Officers").....	19,920	6,237,664	\$ 12,248,682 57	\$ 1 96
Distribution of Above:				
General administration.....	359	116,735	629,390 70	5 39
Maintenance of way and structures, permanent improvements.....	6,589	2,062,357	3,038,788 34	1 58
Maintenance of equipment, new equipment.....	3,166	990,958	1,833,927 81	1 85
Conducting transportation.....	9,838	3,079,294	6,975,238 85	2 27
Total (including "General Officers")..	19,952	6,249,344	\$ 12,477,340 70	\$ 2 00
Less "General Officers".....	32	11,680	228,658 13	19 58
Total (excluding "General Officers")..	19,920	6,237,664	\$ 12,248,682 57	\$ 1 96
Total (including "General Officers").	19,952	6,249,344	\$ 12,477,340 70	\$ 2 00
Entire Line.....	19,952	6,249,344	\$ 12,477,340 70	\$ 2 00

STATE OF NORTH DAKOTA.

[C., M. & ST. P. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE,

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Total passenger revenue—Page 35.....		\$ 29,301.45
Total passenger earnings—Page 35.....		40,622.75
*Passenger earnings per mile of road.....		343.65
Passenger earnings per train mile.....		.70720
Freight Traffic:		
Total freight revenue—Page 35.....		38,994.56
Total freight earnings—Page 35.....		38,994.56
*Freight earnings per mile of road.....		329.88
Freight earnings per train mile.....		.57852
Passenger and Freight:		
Passenger and freight revenue—Page 35.....		68,296.01
*Passenger and freight revenue per mile of road...		577.75
Passenger and freight earnings—Page 35.....		79,617.31
*Passenger and freight earnings per mile of road..		673.52
Gross earnings from operation—Page 35.....		80,541.38
*Gross earnings from operation per mile of road...		681.34
Gross earnings from operation per train mile.....		.67606
Operating expenses—Page 45, excluding taxes, rev- enue, train mileage basis.....		100,337.18
*Operating expenses per mile of road, excluding taxes, revenue, train mileage basis.....		848.80
Operating expenses per train mile, excluding taxes, revenue, train mileage basis.....		.84223
Deficit from operation—Page 31, excluding taxes, revenue, train mileage basis.....		19,795.80
*Income from operation per mile of road.....		167.46
Train Mileage:		
Miles run by passenger trains.....	45,163	
Miles run by freight trains.....	47,711	
Miles run by mixed trains.....	26,257	
Total mileage trains earning revenue.....	119,133	

*118.21 miles.

[C., M. & ST. P. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE,
ENTIRE LINE.

Company's Original Report, Page 61.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	7,095,641	
Number of passengers carried one mile.....	253,485,504	
*Number of passengers carried one mile per mile of road.....	40,944	
Average distance carried—Miles.....	3,572	
Total passenger revenue—Page 35.....		\$ 5,998,840.18
Average amount received from each passenger....		.84373
Average receipts per passenger per mile.....		.02362
Total passenger earnings—Page 35.....		8,461,610.31
*Passenger earnings per mile of road.....		1,368.76
Passenger earnings per train mile.....		1.02992
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	14,230,742	
Number of tons carried one mile.....	2,621,348,372	
*Number of tons carried one mile per mile of road.....	423,413	
Average distance haul of one ton—Miles.....	18,420	
Total freight revenue—Page 35.....		25,468,851.72
Average amount received for each ton of freight...		1.78971
Average receipts per ton per mile.....		.00972
Total freight earnings—Page 35.....		25,573,203.30
*Freight earnings per mile of road.....		4,130.71
Freight earnings per train mile.....		1.73545
Passenger and freight:		
Passenger and freight revenue—Page 35.....		31,455,691.90
*Passenger and freight revenue per mile of road...		5,080.87
Passenger and freight earnings—Page 35.....		34,034,813.61
*Passenger and freight earnings per mile of road...		5,497.47
Gross earnings from operation—Page 35.....		34,189,663.68
*Gross earnings from operation per mile of road...		5,522.47
Gross earnings from operation per train mile.....		1.48966
Operating expenses—Page 45, excluding taxes.....		20,067,435.93
*Operating expenses per mile of road, excluding taxes.....		3,241.38
Operating expenses per train mile, excluding taxes...		.87435
Income from operation—Page 31, excluding taxes...		14,122,227.75
Income from operation per mile of road, excluding taxes.....		2,281.09
Train Mileage:		
Miles run by passenger trains.....	7,930,481	
Miles run by freight trains.....	13,890,445	
Miles run by mixed trains.....	1,140,398	
Total mileage trains earning revenue.....	22,951,324	
Miles run by switching trains.....	4,196,088	
Miles run by construction and other trains.....	783,209	
Grand Total Train Mileage.....	27,930,621	
Mileage of loaded freight cars—South or East.....	135,476,324	
Mileage of loaded freight cars—South or west.....	104,133,922	
Mileage of empty freight cars—North or east.....	31,896,004	
Mileage of empty freight cars—South or West.....	67,010,369	
Average number of freight cars in train.....	22.97	
Average number of loaded cars in train.....	16.26	
Average number of empty cars in train.....	6.71	
Average number of tons of freight in train.....	177.89	
Average number of tons of freight in each loaded car.....	10.94	

*6,191 miles.

[C., M. & ST. P. RY. CO.]

FREIGHT TRAFFIC MOVEMENT.

ENTIRE LINE.

(Company's Material Excluded.)

Company's Original Report, Page 63.

Commodity	Freight Originat- ing on This Road	Freight Received from Con- necting Roads and Other Carriers	Total Freight Tonnage	
	Whole Tons	Whole Tons	Whole Tons	Per Cent
Products of Agriculture:				
Grain.....	2,966,753	237,365	3,204,118	22.515
Flour.....	442,633	17,009	459,662	3.230
Other mill products.....	187,020	9,512	196,532	1.341
Hay.....	80,055	10,425	90,480	.636
Tobacco.....	21,876	237	22,113	.155
Fruit and vegetables.....	140,877	85,767	226,644	1.593
Flax seed.....	108,265	3,722	111,987	.787
Other.....	60,469	14,409	74,878	.526
Products of Animals:				
Live stock.....	660,080	134,455	794,535	5.583
Dressed meats.....	135,909	850	136,759	.981
Other packing-house products.....	125,584	1,572	127,156	.894
Poultry, game and fish.....	10,524	2,946	13,470	.095
Wool.....	8,371	976	9,347	.068
Hides and leather.....	38,619	4,713	43,332	.304
Eggs.....	26,377	613	26,990	.189
Dairy products.....	57,607	626	58,233	.409
Products of Mines:				
Anthracite coal.....	374,172	31,755	405,927	2.853
Bituminous coal.....	655,799	206,044	861,843	6.056
Coke.....	201,133	1,559	202,692	1.424
Ores and minerals.....	667,921	25,747	693,668	4.875
Stone, sand and other like articles.....	349,377	83,621	432,998	3.043
Salt.....	58,709	4,493	63,202	.444
Products of Forest:				
Lumber, lath and shingles.....	1,128,880	176,850	1,305,710	9.175
Sash, doors and blinds.....	38,562	624	37,186	.261
Other forest products.....	1,241,028	146,460	1,387,488	9.750
Manufactures:				
Petroleum and other oils.....	150,300	22,782	173,082	1.216
Sugar.....	823	.....	823	.006
Iron and steel.....	170,656	10,740	181,396	1.275
Iron, pig and bloom.....	151,193	9,218	160,411	1.127
Iron and steel rails.....	49,113	333	49,446	.348
Other castings and machinery.....	75,339	5,041	80,380	.565
Bar and sheet metal.....	47,485	8,606	56,093	.394
Cement, brick and lime.....	289,806	31,626	321,434	2.259
Agricultural implements.....	127,112	12,807	139,919	.983
Wagons, carriages, tools, etc.....	36,747	13,904	50,651	.356
Wines, liquors and beers.....	347,624	4,434	352,058	2.474
Household goods and furniture.....	45,390	2,784	48,174	.339
Paper.....	78,883	6,187	85,070	.598
Other manufactures.....	264,255	70,949	335,204	2.355
Merchandise.....	568,564	95,708	664,267	4.668
Ice.....	219,763	3,936	223,699	1.572
Miscellaneous:				
Other commodities not mentioned above.....	278,729	42,956	321,685	2.260
Total Tonnage—Entire Line.....	12,686,384	1,544,358	14,230,742	100.000

[C., M. & ST. P. RY. CO.]

DESCRIPTION OF EQUIPMENT.

Company's Original Report, Page 65.

Item	Number Added During Year	Total Number at End of Year	Equipment Fitted with Train Brake		Equipment Fitted with Automatic Coupler	
			Number	Name	Number	Name
Locomotives—Owned and Leased:						
Passenger.....	210	210	210	Westinghouse...		
Freight.....	501	501	476	Westinghouse...		
Switching.....	104	104	46	Westinghouse...		
Total locomotives in service...	15	815	728	Westinghouse...		
Cars—Owned and Leased:						
In Passenger Service:						
First-class cars.....	15	815	728	Westinghouse...		
Second-class cars.....	1	167	167	Westinghouse...	167	153 Miller 2 Cowell-Miller 1 Sloan 9 Cowell 1 Sloan-Miller 213 Miller 2 Cowell-Miller 1 Sloan 1 Cowell-Miller 14 Miller 2 Cowell
Combination cars.....	224	224	223	Westinghouse...	214	
Dining cars.....	14	14	14	Westinghouse...	14	
Parlor cars.....	8	8	8	Westinghouse...	8	
Sleeping cars.....	16	16	16	Westinghouse...	16	
Baggage, express and postal cars...	53	53	53	Westinghouse...	53	
Other cars in passenger service...	3	289	284	Westinghouse...	257	
Total.....	6	773	767	Westinghouse...	2	
In Freight Service:					731	
Box cars.....	1,777	20,253	12,690	Westinghouse...	17,042	M. C. B.
Flat cars.....	45	5,564	1,731	Westinghouse...	4,061	M. C. B.
Stock cars.....	383	2,838	1,254	Westinghouse...	1,959	M. C. B.

Refrigerator cars.....	250	724	688	Westinghouse...	711	M. C. B.
Other cars in freight service.....		319	255	Westinghouse...	245	M. C. B.
Total.....	2,453	29,709	16,822	Westinghouse...	24,078	M. C. B.
In Company's Service:						
Officers' and pay cars.....		11	11	Westinghouse...	11	{
Derrick cars.....		11	2	Westinghouse...		3 National
Caboose cars.....	9	483	2	Westinghouse...	152	8 Miller
Other road cars.....	1	61		Westinghouse...	2	M. C. B.
Total.....	10	566	15	Westinghouse...	165	M. C. B.
Total cars owned.....	2,451	31,048	17,404	Westinghouse...	24,974	

EXPLANATORY REMARKS.

AUTOMATIC COUPLERS ON FREIGHT CARS.

Company's Original Report, Page 64.

Class	Box	Refrig- erator	Stock	Flat	Ore	Caboose	Other Road	Total
Hein.....	5,084	57	714	1,555	47	56		7,518
Janney.....	7,732	241	694	843	100	22		9,572
Dowling.....	14	46						60
Drexel.....	18	1		78				97
Mather.....	10		100					110
Columbia.....	46	98	88	117				281
Chicago.....								48
Gould.....	583		173	1,046				1,286
California.....	67							25
Eureka.....	25							1
Hinson.....	1							1
St. Louis.....	1							1
Tower.....	191		1	1				193
Buckeye.....	3,302	268	249	440	98	74	2	4,453
Williams.....	3							3
Washburn.....	4							4
Standard.....	1							1
Total.....	17,082	711	1,959	4,081	245	152	2	24,232

[C., M. & ST. P. RY CO.]

MILEAGE.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	6,148.23	.....	.....	.....	.....	42.77	6,191.00	.....	517.19	5,681.04
Miles of second track.....	254.59	.....	.....	.....	.....	24.72	279.31	51.31	.....	254.59
Miles of third track.....	3.25	.....	.....	.....	.....	1.14	4.39	.....	.....	3.25
Miles of connecting track.....	31.72	.....	.....	.....	.....	1.10	32.82	.84	17.45	14.27
Miles of yard track and sidings.....	1,407.19	.....	.....	.....	.....	23.84	1,431.03	19.52	854.27	582.92
Total mileage operated (all tracks).....	7,844.98	.....	.....	.....	.....	93.57	7,938.55	71.67	1,398.91	6,456.07

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK).

State or Territory	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Illinois.....	317.58	.....	.....	.....	.....	21.43	339.01	.....	.69	316.89
Wisconsin.....	1,340.08	.....	.....	.....	.....	1.63	1,340.71	.....	47.12	1,401.94
Iowa.....	1,532.48	.....	.....	.....	.....	3.96	1,536.44	.....	99.06	1,433.42
Minnesota.....	1,117.49	.....	.....	.....	.....	2.60	1,120.09	.....	135.54	981.95
North Dakota.....	18.21	.....	.....	.....	.....	.....	118.21	.....	3.96	112.25
South Dakota.....	1,101.06	.....	.....	.....	.....	.....	1,101.06	.....	228.82	872.24
Missouri.....	140.27	.....	.....	.....	.....	6.06	146.33	.....	.....	140.27
Michigan.....	182.06	.....	.....	.....	.....	.....	182.06	.....	.....	182.06
Nebraska.....	.....	.....	.....	.....	.....	6.50	.77	.....	.....	.....
Kansas.....	.....	.....	.....	.....	.....	.77	.....	.....	.....	.....
Total mileage operated (single track).....	6,148.23	.....	.....	.....	.....	42.77	6,191.00	.....	517.19	5,681.04

[C., M. & ST. P. RY. CO.]

MILEAGE—Continued.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES.

Company's Original Report, Page 67.

State or Territory	Line Represented by Capital Stock		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
Illinois.....	317.58	.....	317.58	.....	69	316.89
Wisconsin.....	1,640.06	.....	1,640.06	.....	47.12	1,601.94
Iowa.....	1,532.48	.....	1,532.48	.....	99.06	1,433.42
Minnesota.....	1,117.49	.....	1,117.49	.....	135.34	981.95
North Dakota.....	118.21	.....	118.21	.....	3.96	112.25
South Dakota.....	1,101.04	.....	1,101.05	.....	228.82	872.24
Missouri.....	140.27	.....	140.27	.....	.....	140.27
Michigan.....	152.06	.....	152.06	.....	.....	152.06
Total mileage owned (single track).....	6,148.33	.....	6,148.23	.....	517.19	5,631.04

[C., M. & ST. P. RY. CO.]
MILEAGE STATE OF NORTH DAKOTA.
 A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	118.21	.....	.....	.....	.....	.....	118.21	.....	5.98	112.23
Miles of connecting track.....	.70	.....	.....	.....	.....	.....	.70	.....	.70	.....
Miles of yard track and sidings.....	7.32	.....	.....	.....	.....	.....	7.32	.....	6.92	.60
Total mileage operated (all tracks).....	126.43	.....	.....	.....	.....	.....	126.43	.....	13.58	112.85

[C., M. & ST. P. RY. CO.]
RENEWALS OF RAILS AND TIES.
 ENTIRE LINE.

Company's Original Report, Page 69.

New Rails Laid During Year			New Ties Laid During Year		
Kind	Tons	Weight Per Yard— Pounds	Average Price Per Ton at Distributing Points	Kind	Number
Steel.....	42,290	75	\$ 17 21	Mixed.....	1,670,503
Total steel.....	42,290	75	\$ 17 21	Total	1,670,503
					\$ 30.45
					\$ 30.45

CONSUMPTION OF FUEL BY LOCOMOTIVES.

Locomotives	Coal—Tons		Wood—Cords		Total Fuel Consumed— Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....		352,492		1,298	353,196	8,766,696	80.51
Freight.....		660,573		2,412	661,779	16,423,638	80.59
Switching.....		168,784		616	169,092	4,198,016	80.59
Construction.....		31,546		116	31,666	783,231	80.70
Total.....		1,213,397		4,432	1,215,613	30,169,626	80.59
Average cost at distributing point.....		\$ 1.82		\$ 2.26	\$ 1.82	.....	.....

[C., M. & ST. P. RY. CO.]
 MILEAGE—STATE OF NORTH DAKOTA.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Package Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	118.21	.....	.....	.....	.....	.....	118.21	.....	5.96	112.25
Miles of connecting track.....	.70	.....	.....	.....	.....	.....	.70	.....	.70	.....
Miles of yard track and sidings	7.52	.....	.....	.....	.....	.....	7.52	.....	6.92	.60
Total mileage operated (all tracks).....	126.43	.....	.....	.....	.....	.....	126.43	.....	13.58	112.85

[C., M. & ST. P. RY. CO.]

RENEWALS OF RAILS AND TIES.

ENTIRE LINE.

Company's Original Report, Page 69.

New Rails Laid During Year			New Ties Laid During Year		
Kind	Tons	Weight Per Yard— Pounds	Average Price Per Ton at Distributing Points	Kind	Number
Steel.....	42,290	75	\$ 17 21	Mixed.....	1,670,503
Total steel.....	42,290	75	\$ 17 21	Total.....	1,670,503
					\$ 30.45
					\$ 30.45

CONSUMPTION OF FUEL BY LOCOMOTIVES.

Locomotives	Coal—Tons		Wood—Cords		Total Fuel Consumed— Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....		352,492		1,288	353,136	8,766,698	80.51
Freight.....		690,573		2,412	691,779	16,423,633	80.59
Switching.....		168,784		616	169,092	4,194,016	80.59
Construction.....		31,548		116	31,606	783,231	80.70
Total.....		1,213,397		4,432	1,215,613	30,166,626	80.59
Average cost at distributing point.....		\$ 1.82		\$ 2.26	\$ 1.82	.....	.....

[C., M. & ST. P. RY. CO.]

CHARACTERISTICS OF ROAD.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 73.

Working Divisions or Branches			Alignment		Profile					
			Aggregate Length of Curved Line	Length of Straight Line	Length of Level Line	Ascending Grade			Descending Grades	
From	To	Miles =	Miles	Miles		No.	Sum of Ascents	Aggregate Length of Ascending Grades	No.	Sum of Descents	Aggregate Length of Descending Grades
					Feet		Miles	Feet		Miles

To secure data for correctly compiling the statement here requested, it will be necessary to make a resurvey of a large portion of the system, as in the last twenty years modifications of grades have been made, of which there are in many instances no records in the engineer's office. On some lines acquired by this company there are no profiles in existence. To compile what data we have would require about three months time, and to make a survey of parts of the line of which we have no correct records may require four months' work with a field party.

To secure data for correctly compiling the statement here requested, it will be necessary to make a reurvey of a large portion of the system, as in the last twenty years modifications of grades have been made, of which there are in many instances no records in the engineer's office. On some lines acquired by this company there are no profiles in existence. To compile what data we have would require about three months time, and to make a survey of parts of the line of which we have no correct records may require four months' work with a field party.

[C., M. & ST. P. RY. CO.]

CHARACTERISTICS OF ROAD—Continued.

STATE OF NORTH DAKOTA.

BRIDGES, TRESTLES, TUNNELS, ETC.

Company's Original Report, Page 73.

Item	Number	Aggregate Length		Minimum Length		Maximum Length	
		Feet	In.	Feet	In.	Feet	In.
Trestles.....	20	1,500	....	32	....	296	.....

Gauge of track, 4 feet, 8½ inches; 118.21 miles.
 Gauge of track, 3 feet.

TELEGRAPH.

A. OWNED BY COMPANY MAKING THIS REPORT.

Miles of Line	Miles of Wire	Operated by Another Company			
		Miles of Line	Miles of Wire	Name of Operating Company	
116.60	117.20	116.60	117.20	..... Western Union Telegraph company	

B. OWNED BY ANOTHER COMPANY, BUT LOCATED ON PROPERTY OF ROAD MAKING THIS REPORT.

Miles of Wire	Name of Owner	Name of Operating Company
---------------	---------------	---------------------------

For the construction of telegraph lines, the Western Union Telegraph company, or the North Western Telegraph company in some instances, furnished some material and claim joint ownership. Amount or mileage not definitely fixed.

[C., M. & ST. P. RY. CO.]

CAR MILEAGE

PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS NOR CONSIGNED FOR USE BY LEASE.

Company's Original Report, Page 77.

Name of Owner	Description	Rate Cts	Amount
American Cereal Co. Despatch.....	box.....	3-5	\$ 588 43
American Cotton Oil company.....	tank.....	3-4	30 09
American Live Stock Transportation company.....	stock.....	3-5	18 77
American Refrigerator Transit company.....	refrigerator.....	3-4	2,413 70
American Tank Line.....	tank.....	3-4	266 01
American Straw Board company.....	box.....	3-5	99
Anglo-American Refrigerator Car company.....	refrigerator.....	1	113 04
Armour Car Lines.....	box.....	3-5	1,248 75
" " ".....	stock.....	3-5	3,196 20
" " ".....	tank.....	3-4	108 60
" " ".....	refrigerator.....	3-4	10,290 96
" " ".....	refrigerator.....	1	44,005 12
Arms Palace Horse Car company.....	stock.....	3-5	238 67
Atlanta Stone, Coal and Lumber company.....	flat.....	3-5	24 82
Ames Coal Transportation company.....	flat.....	3-5	5 33
Arper, G. W.....	tank.....	3-4	153 16
Bott, C. estate.....	box.....	3-5	6 80
Barrett & Barrett company.....	box.....	3-5	13 05
" " ".....	refrigerator.....	3-4	21 23
Barrett, S. E., Manufacturing company.....	tank.....	3-4	549 68
Bosshardt & Wilson company.....	tank.....	3-4	3 29
Britton, D. W.....	box.....	3-5	81 36
Banner Refrigerator Line.....	refrigerator.....	3-4	7 73
Burton Stock Car company.....	stock.....	3-5	558 18
Barney & Smith Car company.....	flat.....	3-5	20 70
California Fruit Express company.....	refrigerator.....	3-4	264 59
" " ".....	refrigerator.....	1	10,549 61
California Fruit Transportation company.....	refrigerator.....	3-4	1,949 32
" " ".....	refrigerator.....	1	806 89
Canada Southern Line.....	box.....	3-5	312 16
Canadian Pacific Despatch.....	box.....	3-5	772 33
Canda Cattle Car company.....	stock.....	3-5	27,364 41
Case, J. I., Threshing Machine company.....	flat.....	3-5	3,111 83
Cedar Rapids Refrigerator Express.....	refrigerator.....	1	1,059 32
Central Equipment company.....	box.....	3-5	11 79
Chappell Chemical company.....	box.....	3-5	13 77
Crescent Oil company.....	tank.....	3-4	7 91
Chicago Refrigerator Car Line.....	refrigerator.....	3-4	225 40
Cold Blast Transportation company.....	refrigerator.....	1	8,438 75
Crystal Tank Line.....	tank.....	3-4	127 53
Consolidated Cattle Car company.....	stock.....	3-5	428 57
Coal Tar Tank Line.....	tank.....	3-4	71 98
Continental Fruit Express.....	refrigerator.....	3-4	1,338 47
" " ".....	refrigerator.....	1	7,105 25
Continental Refining company.....	tank.....	3-4	3 29
Cottolene Refrigerator Line.....	refrigerator.....	1	28 54
Creamery Package Transportation company.....	box.....	3-5	19 50
Cudahy Milwaukee Refrigerator Line.....	refrigerator.....	1	298 69
" " ".....	stock.....	3-5	17 13
Cudahy Refrigerator Line.....	refrigerator.....	1	5,282 61
" " ".....	tank.....	3-4	54 23
Cupples, Samuel, Woodenware company.....	woodenware.....	3-5	57 47
Commerce Despatch Line.....	box and flat.....	3-5	858 54
Cambridge Consolidated Coal company.....	flat.....	3-5	3 16
Craig Oil company.....	tank.....	3-4	1 71
Chicago Sand company.....	flat.....	3-5	1 47
Corle Oatmeal company.....	box.....	3-5	27 68
Cameron Mill and Elevator company.....	box.....	3-5	1 08
Dairy Dealers' Despatch.....	refrigerator.....	3-4	388 43
Dold, Jacob, Packing company.....	refrigerator.....	1	141 71
Davenport Syrup Refining company.....	tank.....	3-4	15 11
Elwood, W. L.....	stock.....	3-5	1 79
Empire Line.....	box.....	3-5	330 42
Empire Oil Works.....	tank.....	3-4	16 72
Emery Manufacturing company.....	tank.....	3-4	7 54

[C., M. & ST. P. RY. CO.]

CAR MILEAGE—Continued.

PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS
NOR CONSIGNED FOR USE BY LEASE.

Company's Original Report, Page 77.

Name of Owner	Description	Rate Cts	Amount
Express Coal Line.....	flat	3-5	\$ 280 16
Excelsior Horse Car Line.....	stock	3-5	23 23
Fairbank, N. K., company.....	tank	3-4	2 46
Foggan, Robert.....	tank	3-4	6 58
Farrell Car Line.....	tank	3-4	24 95
Geiser Manufacturing company.....	flat	3-5	19 48
Freedom Oil Works.....	tank	3-4	2 53
Germania Refining company.....	tank	3-4	132 76
Goyer Tank Line.....	tank	3-4	3 68
Glade Tank Line.....	tank	3-4	2 73
Hammond Refrigerator Line.....	box	3-5	31 88
.....	refrigerator.....	1	3,550 10
Hutchins Refrigerator Line.....	refrigerator.....	3-4	50 42
Havens, C. B., & Co.....	box	3-5	234 59
Hoffman, C., & Sons.....	box	3-5	17 08
Heim Brewing company.....	refrigerator.....	1	12 56
Horlick Food company.....	box	3-5	1 34
Heinz, H. J., company.....	tank	3-4	48 26
Horns Coolery company.....	flat	3-5	2 43
Independent Refining company.....	tank	3-4	13 15
Indiana Tank Line.....	tank	3-4	48 88
Indianapolis Brewing Co. Refrigerator Line.....	refrigerator.....	3-4	79
Johnson, F. C.....	box	3-5	4 07
Joyce, F. B.....	tank	3-4	176 41
Butler, J. E., Furniture company.....	box	3-5	14 82
Kansas City Dressed Beef Line.....	box	3-5	1,072 94
.....	tank	3-4	6 50
.....	refrigerator.....	3-4	468 22
.....	refrigerator.....	1	26,786 56
Kansas City Milling company.....	box	3-5	8 24
Kansas City Refrigerator Car company.....	refrigerator.....	1	3,130 44
Kansas City Manufacturers Despatch.....	box	3-5	69 12
Keystone Live Stock Express.....	stock	3-5	20 45
Keystone Palace Horse Car company.....	stock	3-5	25 53
Kingan Refrigerator Line.....	refrigerator.....	1	20 71
Knickerbocker Ice company.....	box	3-5	11
Kingman & Co.....	box	3-5	23 82
King Brewing company.....	box	3-5	78
Laurel Hill Car and Coal company.....	box	3-5	1,355 85
Libby, McNeil & Libby.....	refrigerator.....	3-4	76 00
Lipton Refrigerator Line.....	refrigerator.....	1	265 87
Live Poultry Transportation company.....	poultry	3-5	394 92
Lackawanna Live Stock Transportation company.....	stock	3-5	5 63
Lewis Roofing and Manufacturing company.....	tank	3-4	40 38
Lima Locomotives and Machine company.....	flat	3-5	2 57
Manhattan Oil company.....	tank	3-4	65 06
Mansur & Tebbetts Implement company.....	box	3-5	42 25
Mann Bros.....	box	3-5	13 78
Mather Horse and Stock Car company.....	stock	3-5	2,009 67
Menasha Wooden Ware company.....	woodenware.....	3-5	2,412 27
Merchants Despatch Transportation company.....	box	3-5	1,232 88
.....	refrigerator.....	3-4	10,215 54
Merchants & Planters Oil company.....	tank	3-4	11 56
Midland Line.....	box	3-5	32 81
Milwaukee Manufacturing company.....	stock (D. D)	3-5	17,085 53
Mitchell, Lewis & Co.....	box	3-5	203 41
Moon, J. W., Buggy company.....	box	3-5	1 33
Moran Refrigerator Line.....	refrigerator.....	1	4 61
Morrell Refrigerator Line.....	refrigerator.....	1	2,492 80
Menasha Chair company.....	box	3-5	126 17
Morris, Nelson & Co.....	box	3-5	98
.....	refrigerator.....	1	775 10
Massuti & Button.....	tank	3-4	281 17
Morris & Butt Transportation company.....	stock (D. D.)	3-5	61 70
Morris Coal and Iron company.....	flat	3-5	2 18

[C., M. & ST. P. RY. CO.]

CAR MILEAGE—Continued.

**PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS
NOR CONSIGNED FOR USE BY LEASE.**

Company's Original Report, Page 77.

Name of Owner	Description	Rate Cts	Amount
Milwaukee Gas Light company	tank	3-4	\$ 274 30
National Despatch Line	box	3-5	313 65
	refrigerator	3-4	557 90
National Linseed Oil company	tank	3-4	390 17
National Rolling Stock company	box and flat	3-5	246 83
New York Despatch Refrigerator Line	refrigerator	3-4	5,447 24
North & South Rolling Stock company	box	3-5	214 42
Omaha Packing company	tank	3-4	866 12
	refrigerator	1	2,052 43
Omaha Brewing Association	refrigerator	1	6 45
Paragon Refining company	tank	3-4	210 55
Peavy Grain Line	box	3-5	21 25
Peerless Transit company	tank	3-4	121 72
Pennsylvania Refining company	tank	3-4	64 43
Peoria & Hutchinson Cooperage company	box	3-5	34 85
Producers Oil company	tank	3-4	2 96
Provision Dealers Despatch	refrigerator	1	198 73
Pullman's Palace Car company	freight	3-5	8 98
" " "	tourist	1	579 30
" " "	sleeping	3	3,464 10
Puentic Oil company	tank	3-4	3 65
Racine Wagon & Car company	box	3-5	302 10
Rea Patterson Milling company	box	3-5	4 47
Red Line Transit company	box	3-5	325 11
Rend, W. B., Transportation company	box	3-5	145 82
Rock Falls Manufacturing company	box	3-5	10 21
Riddle Coach and Hearse company	box	3-5	98
Rumley, M., & Co.	box	3-5	5 84
St. Charles Car company	box	3-5	20 55
Shippers' Refrigerator Car company	refrigerator	3-4	79 94
St. Louis Refrigerator Car company	refrigerator	3-4	589 87
Scofield, Shurmer & Teagle	tank	3-4	11 29
Squire's Car Line	box	3-5	2 44
St. Paul Refrigerator Car Line	refrigerator	1	16 80
Santa Fe Refrigerator Car Line	refrigerator	3-4	1,584 51
St. Charles Refrigerator Despatch	refrigerator	3-4	44 48
Southwest Refrigerator Despatch	refrigerator	1	10 34
Southern Despatch Lumber Line	box	3-5	71 18
	refrigerator	3-4	19 39
Southern Freight Line	flat and box	3-5	3 83
Southern Iron Car Line	flat and box	3-5	100 41
Street's Stable Car Line	stock	3-5	33,906 56
Swift Refrigerator Line	box	3-5	1,343 14
" " "	tank	3-4	135 19
" " "	refrigerator	1	37,957 81
Swift Live Stock Express	stock	3-5	894 24
Southwestern Millers Despatch	box	3-5	6 16
Titusville Oil Works	tank	3-4	21 55
United States Transportation company	box	3-5	11 17
Union Refrigerator Transit company	refrigerator	3-4	2,766 81
	refrigerator	1	60,836 65
Virginia & Alabama Coal company	coal	3-5	1 48
Van Camp Refrigerator Line	refrigerator	1	5 31
Union Tank Line	flat	3-5	149 42
	tank	3-4	16,621 99
Venice Transportation company	flat and box	3-5	94 04
Weaver, Getz & Co.	flat	3-5	17 51
Wagner Palace Car company	tourist	1	6 96
	sleeping	2	383 54
Waverly Oil company	tank & comb	3-4	3 29
Western Equipment and Car company	box	3-5	246 81
Western Refrigerator Transit company	refrigerator	3-4	514 11
	refrigerator	1	75 56
Western Meat Refrigerator Express	refrigerator	1	226 72
White Line Transit company	box	3-5	189 69

[C., M. & ST. P. RY. CO.]

CAR MILEAGE—Continued.

PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS, NOR CONSIGNED FOR USE BY LEASE.

Company's Original Report, Page 77.

Name of Owner	Description	Rate Cts	Amount
Woolner Transportation company.....	box.....	3-5	\$ 15 97
Wright & Hills Linseed Oil company.....	tank.....	3-4	2 86
Wilburline Oil Works.....	tank.....	3-4	13 87
Western Refrigerator Line.....	refrigerator.....	1	2,502 39
Wells & French company.....	flat.....	3-5	6 32
Western Live Stock Express.....	stock.....	3-5	22 64
Zenith Milling company.....	box.....	3-5	4 28
Total.....	.....	.....	\$ 390,527 69

OATH.

Company's Original Report, Page 79.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

We, the undersigned, Roswell Miller, president, and W. N. D. Winne, general auditor of the Chicago, Milwaukee & St. Paul Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

ROSWELL MILLER, President.

W. N. D. WINNE, General Auditor.

Subscribed and sworn to before me this 12th day of October, 1898.

[SEAL].

E. C. NETTELS, Notary Public.

ANNUAL REPORT

OF THE

MINNEAPOLIS, SAINT PAUL & SAULT STE.

MARIE RAILWAY COMPANY

TO THE

RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Company's Original Report, Page 3.

Name of common carrier making this report? Minneapolis, St. Paul & Sault Ste. Marie Railway company.

Date of organization? June 11, 1888.

Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. The Minneapolis & Sault Ste. Marie Railway company was organized in the year —, under the general incorporation laws of Michigan. The Minneapolis, Sault Ste. Marie & Atlantic Railway company was organized in the year 1883, under the general incorporation laws of Wisconsin.

If a consolidated company, name the constituent companies. Give reference to charters of each, and all amendments of same. Said two companies were consolidated in the year 1886, under paragraphs 3343 and 3344, pages 854 and 855, Howell's Annotated Statutes of Michigan, and section 833, Supplement to the Revised Statutes of Wisconsin.

The Minneapolis & Pacific Railway company was organized in the year 1881, and the Minneapolis & St. Croix Railway company in the year 1885, under the general incorporation laws of Minnesota.

The Aberdeen, Bismarck & Northwestern Railway company was organized in the year 1885, under the general incorporation laws of the Territory of Dakota.

Date and authority for each consolidation? In the year 1886 the said consolidated company, the said Minneapolis & Pacific Railway company, the said Aberdeen, Bismarck & Northwestern Railway company, and the said Minneapolis & St. Croix Railway company were consolidated, and all their rights, properties and franchises united and vested in one single corporation, and the said Minneapolis & Sault Ste. Marie Railway company, under the statutes above referred to, and the paragraphs 66, 67 and 68, pages 301 and 302, General Laws of Minnesota for the year 1878, and Chapter 94, General Laws of Minnesota for the year 1881, and Chapter 46, General Laws of the Territory of Dakota for the year 1876.

[M., ST. P. & S. STE. M. RY. CO.]

ORGANIZATION.

Company's Original Report, Page 5.

Name of Directors	Post Office Address	Date of Expiration of Term
Thomas Lowry.....	Minneapolis, Minn.....	First Tuesday in June, 1899
John Martin.....	Minneapolis, Minn.....	First Tuesday in June, 1899
W. D. Washburn.....	Minneapolis, Minn.....	First Tuesday in June, 1899
J. S. Pillsbury.....	Minneapolis, Minn.....	First Tuesday in June, 1899
Sir William C. Van Horn.....	Montreal, Can.....	First Tuesday in June, 1899
Thomas G. Shaughnessy.....	Montreal, Can.....	First Tuesday in June, 1899
C. H. Pettit.....	Minneapolis, Minn.....	First Tuesday in June, 1899
F. H. Peavey.....	Minneapolis, Minn.....	First Tuesday in June, 1899
William B. Dean.....	St. Paul, Minn.....	First Tuesday in June, 1899
W. H. Bradley.....	Tomahawk, Wis.....	First Tuesday in June, 1899
R. B. Angus.....	Montreal, Can.....	First Tuesday in June, 1899

Total number of stockholders at date of last election? Ninety-three (93).

Date of last meeting of stockholders for election of directors? June 7, 1898.

Give postoffice address of general office? Minneapolis, Minn.

Give postoffice address of operating office? Minneapolis, Minn.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, C. W. Gardner. Title, auditor. Address, Minneapolis, Minn.

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President.....	Thomas Lowry.....	Minneapolis, Minn.....
First vice-president.....	John Martin.....	Minneapolis, Minn.....
Secretary.....	Charles F. Clement.....	Minneapolis, Minn.....
Treasurer.....	Charles F. Clement.....	Minneapolis, Minn.....
General solicitor.....	Alfred H. Bright.....	Minneapolis, Minn.....
Auditor.....	C. W. Gardner.....	Minneapolis, Minn.....
Assistant auditor.....	E. T. Stone.....	Minneapolis, Minn.....
General manager.....	F. D. Underwood.....	Minneapolis, Minn.....
Chief engineer, acting.....	Thomas Green.....	Minneapolis, Minn.....
General superintendent.....	E. Pennington.....	Minneapolis, Minn.....
Division superintendent.....	F. G. Batchelder.....	Enderlin, N. D.....
Division superintendent.....	D. Willard.....	Minneapolis, Minn.....
Car service superintendent.....	H. L. Hunter.....	Minneapolis, Minn.....
Superintendent of telegraph.....	H. A. Tuttle.....	Minneapolis, Minn.....
General freight agent.....	W. L. Martin.....	Minneapolis, Minn.....
Asst. general freight agent.....	E. D. Parker.....	St. Paul, Minn.....
General passenger agent.....	W. R. Calloway.....	Minneapolis, Minn.....
Asst. gen. passenger agent.....	W. S. Thorn.....	St. Paul, Minn.....
Purchasing agent.....	John E. Shaughnessy.....	Minneapolis, Minn.....

[N., ST. P. & S. STE. M. RY. CO.]

PROPERTY OPERATED.

STATE OF NORTH DAKOTA.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9A.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
Minn., St. P. & S. Ste. Marie Ry. Co.:				
A. Main line.....	Minnesota.....	Porta, N. D.....	380.82	
B. Branches.....	Hankinson.....	Kulm.....	104.54	465.36
2, 3, 4 and 5. None.				
Total carried forward.....			.....	465.36

Company's Original Report, Page 9.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
A. Main line.....	Sault Ste. Marie, Mich.....	Porta, N. D.....	1,088.30	
	Northtown Junction.....	Camden Place.....	1.01	
B. Branches and Spurs.....	North of	Newhall, Mich.....	1.39	

[M., ST. P. & S. STE. M. RY. CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS, AND INCOME BONDS.

Company's Original Report, Page 19.

Class of Bond Obligation	Time		Amount of Authorized Issue	Amount Issued	Amount Out- standing	Cash Realized On Amount Issued	No. of Bonds	When Payable	Interest	
	Date of Issue	When Due							Amt. Accrued During Year	Amt. Paid During Year
Mpls. & Pac. Ry., 1st mortgage	Jan. 1, 1886	Jan. 1, 1886	\$ 4,290,000 00	\$ 4,290,000 00	\$ 3,130,000 00	.....	4	Jan. & July..	\$ 125,840 00	\$ 128,820 00
Mpls., S. Ste. M. & A. Ry., 1st mortgage ..	Jan. 1, 1886	Jan. 1, 1886	10,000,000 00	10,000,000 00	8,290,000 00	.....	4&5	Jan. & July..	331,240 00	332,200 00
Mpls., St. Paul & S. Ste. M. Ry., consols	July 1, 1888	July 1, 1888	28,345,000 00	16,935,000 00	16,935,000 00	.....	4	Jan. & July..	676,760 00	675,580 00
M., St. P. & S. Ste. M. Ry., inc. certificates	Ma. 27, 1890	July 1, 1900	\$ 42,635,000 00	\$ 31,225,000 00	\$ 28,345,000 00	\$ 22,201,249 09	..	.....	\$ 1,133,840 00	\$ 1,134,600 00
Total.....	.....	.....	\$ 42,635,000 00	\$ 31,225,000 00	\$ 28,345,000 00	\$ 22,201,249 09	..	.....	\$ 1,133,840 00	\$ 1,134,600 00
Income bonds.....	.....	.....	781,000 00	771,000 00	771,000 00	674,625 00	..	.....	.....	.....
Grand total.....	.....	.....	\$ 43,416,000 00	\$ 31,996,000 00	\$ 29,116,000 00	\$ 22,875,874 09	..	.....	\$ 1,133,840 00	\$ 1,134,600 00

[M., ST. P. & S. STE. M. RY. CO.]

FUNDED DEBT—Continued.

EQUIPMENT TRUST OBLIGATIONS.

A. GENERAL STATEMENT.

Company's Original Report, Page 21.

Series or Other Designation	Date of Issue	Term	Number of Payments	Equipment Covered
A. Victoria Rolling Stock Co.	Sept. 27, '93	10 years...	20	{ ...1,000 box cars 20 caboose cars
Victoria Rolling Stock Co.....	Aug. 2, '97	10 years...	20	{ ...26 locomotives .....500 box cars

*Represented by 20 semi-annual notes, 19 of \$41,816.80 and 1 of \$40,973.38, payable at Dominion Bank, Toronto. First payment payable June 1, 1894.

†Represented by 20 semi-annual notes of \$13,394.97 each, payable at Dominion Bank, Toronto. First payable February 1, 1898.

B. STATEMENT OF AMOUNT.

Series of Other Designation	Cash Paid on Delivery of Equipment	Deferred Payments—Principal	
		Original Amount	Amount Outstanding
A. Victoria Rolling Stock Co.....	\$ 153,764 01	\$ 989,256 59	\$ 459,141 38
B. Victoria Rolling Stock Co.....	49,500 00	317,399 40	254,504 43
Total.....	\$ 203,264 01	\$ 1,306,655 99	\$ 713,645 81

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amt Issued	Amount Outstanding	Interest	
			Amt Accru'd During Year	Amt Paid During Year
Mortgage bonds, page 19.....	\$31,225,000 00	\$28,345,000 00	\$1,133,840 00	\$ 1,134,800 00
Income bonds, page 19.....	771,000 00	771,000 00		
Equipment trust obligations, page 21	1,306,655 99	713,645 81		
Total.....	\$33,302,655 99	\$29,829,645 81	\$1,133,840 00	\$ 1,134,800 00

[M., ST. P. & S. STE. M. RY. CO.]

CURRENT ASSETS AND LIABILITIES.

Company's Original Report, Page 23.

Cash and Current Assets Available for Payment of Current Liabilities	Amount	Current Liabilities Accrued to and Including June 30, 1898.	Amount
Cash.....	\$ 605,978 69	Loans.....	\$ 1,889,404 80
Bills receivable.....	2,840 14	Audited vouchers and accounts.....	559,084 12
Due from agents.....	259,691 83	Wages and salaries.....	232,777 85
Due from solvent companies and individuals.....	204,598 59	Matured interest coupons unpaid (including coupons due July 1).....	569,900 00
Net traffic balances due from other companies.....	11,521 47	Miscellaneous.....	68,491 07
Other cash assets (excluding "materials and supplies")**	.....	Total—Current liabilities.....	\$ 3,319,657 84
Total—Cash and current assets.....	\$ 1,084,630 82	Total.....	\$ 3,319,657 84
Balance—Current liabilities.....	2,238,027 02		
Total.....	\$ 3,319,657 84		

* Materials and supplies on hand, \$436,749.54. (See general balance sheet, page 49.)

[M., ST. P. & S. STE. M. RY. CO.]

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment to Railroads	Amount Per Mile of Line	
			Miles	Amount
Capital stock—Page 17.....	\$ 21,000,000 00	\$ 21,000,000 00	1,175.20	\$ 17,989.30
Bonds—Page 19 ("Grand total").....	29,116,000 00	29,116,000 00	1,175.20	24,775.36
Equipment trust obligations—Page 21.....	713,645 81	713,645 81	1,175.20	607.25
Total.....	\$ 50,829,645 81	\$ 50,829,645 81	1,175.20	43,251.91

B. FOR MILEAGE OPERATED BY ROAD MAKING THIS REPORT (TRACKAGE RIGHTS EXCLUDED), THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

Company's Original Report, Page 25.

Name of Road	Capital Stock	Funded Debt	Total	Amount Per Mile of Line	
				Miles	Amount
Minneapolis, St. Paul & Sault Ste. Marie railway.....	\$ 21,000,000 00	\$ 29,829,645 81	\$ 50,829,645 81	1,175.20	\$ 43,251.91
Total carried forward.....	\$ 21,000,000 00	\$ 29,829,645 81	\$ 50,829,645 81	1,175.20	43,251.91

[M., ST. P. & S. STE. M. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.

Company's Original Report, Page 29A.

Item.	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses	Charged to Income as Permanent Improvements			
Construction:						
Engineering.....	\$ 5,041 23	.....	\$ 448,889 11	\$ 381 97
Right of way and station grounds.....	38,865 31	.....	966,038 44	322 92
Grading.....	11,633 34	.....	4,851,826 44	4,128 31
Bridges, trestles and culverts.....	1,905,700 25	1,250 90
Ties.....	1,073,624 76	915 27
Rails.....	3,310,737 83	4,689 19
Frogs and switches.....	80,329 39	68 35
Ballast.....	19,432 30	.....	961,827 28	818 32
Track laying and surfacing.....	50 00	.....	391,903 06	503 66
Crossings, cattle guards and signs.....	139,904 40	135 86
Telegraph lines.....	1,649 87	.....	44,183 66	37 60
Station buildings and fixtures.....	24,971 24	.....	173,408 96	149 26
Shops, roundhouses and turntables.....	10,330 40	.....	302,468 32	127 90
Shop machinery and tools.....	2,063 74	.....	386,528 00	329 16
Water stations.....	4,763 90	.....	97,665 26	83 11
Grain elevators.....	156 28	.....	282,069 69	240 01
Docks and wharves.....	89,097 31	75 82
Sidings and yard extension.....	34,666 23	.....	441,696 06	375 63
Legal expenses.....	472,914 73	402 41
Interest and discount.....	21,395 04	18 21
General expenses.....	22,023,345 33	18,740 23
Total construction.....	\$	\$	\$ 151,764 04	\$ 40,990,761 60	\$ 41,082,525 64	\$ 34,937 90

[M., ST. P. & S. STE. M. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS—Continued.

Company's Original Report, Page 29B.

Item	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898	Cost Per Mile
	Not Included in Operating Expenses					
	Included in Operating Expenses	Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment			
Equipment:						
Locomotives.....	\$ 51,600 29	\$ 1,050,513 17	\$ 1,102,113 46	\$ 937 81
Passenger cars.....	206,645 29	206,645 29	176 01
Sleeping, parlor and dining cars.....	126,571 77	131,660 06	277,981 83	236 41
Baggage, express and postal cars.....	45,199 03	45,199 03	38 46
Combination cars.....	32,484 96	32,484 96	27 64
Freight cars.....	371,171 94	2,197,968 59	3,169,140 53	2,696 68
Other cars of all classes.....	892 46	209,071 60	207,179 14	176 29
Total equipment.....	\$ 348,251 54	\$ 4,492,542 70	\$ 5,040,794 24	\$ 4,298 30
Total construction, page 29A.....	151,764 04	40,950,761 60	41,062,525 64	34,567 90
Grand total cost construction, equipment, etc.....	\$ 700,015 58	\$ 45,423,304 30	\$ 46,123,319 88	\$ 39,247 20
Total cost construction, equipment, etc.—State of North Dakota.....	\$ 220,548 93	\$ 11,560,960 22	\$ 11,781,508 15	\$ 25,316 98

[M., ST. P. & S. STE. M. RY. CO.]

INCOME ACCOUNT.

(For Roads Making Operating Reports).

Company's Original Report, Page 31.

Gross earnings from operation—Page 35.....	\$ 4,135,600 85	
Less operating expenses—Page 45.....	2,371,163 66	
Income from operation.....		\$ 1,764,437 19
Dividends on stocks owned—Page 37.....	2,625 00	
Income from other sources.....		2,625 00
Total income.....		\$ 1,767,062 19
Deductions from Income:		
Interest on funded debt, accrued—Page 23.....	\$ 1,133,840 00	
Interest on interest-bearing current liabilities accrued, not otherwise provided for.....	74,859 15	
Taxes.....	156,175 95	
Total deductions from income.....		1,364,875 10
Net income.....		\$ 402,187 09
Surplus from operations of year ending June 30, 1898.....	\$ 402,187 09	
Surplus on June 30, 1897 (from "general balance sheet," 1897 report).....	997,236 04	
Deficit on June 30, 1898 (for entry on "general balance sheet," 1897 report).....		\$ 585,048 95

EARNINGS FROM OPERATION,

STATE OF NORTH DAKOTA.

Company's Original Report, Page 35.

Item	Total Receipts	Actual Earnings
Passenger:		
Passenger revenue.....	\$ 120,060 70	
Total passenger revenue.....		\$ 120,060 70
Mail.....	\$ 63 173 88	
Express.....	19,708 89	
Extra baggage and storage.....	4,482 02	
Other items.....	5,078 60	
		92,441 39
Total passenger earnings.....		\$ 212,502 09
Freight:		
Freight revenue.....	\$ 544,563 80	
Total freight revenue.....		\$ 544,563 80
Other items.....	\$ 815 13	
		815 13
Total freight earnings.....		\$ 545,380 93
Total passenger and freight earnings.....		\$ 757,883 02
Other Earnings from Operation:		
Telegraph.....	\$ 12,728 30	
Other sources.....	187 75	
Total other earnings.....		12,916 05
Total gross earnings from operation—North Dakota.....		\$ 770,799 07
Total gross earnings from operation—Entire line.....		4,135,600 85

[M., ST. P. & S. STE. M. RY. CO.]

STOCKS OWNED.**A. RAILWAY STOCKS.**

Company's Original Report, Page 37.

Name	Total Par Value	Valuation
Capital stock of this company.....	\$ 225,600 00	\$ 225,600 00
Total.....	\$ 225,600 00	\$ 225,600 00

B. OTHER STOCKS.

Name	Total Par Value	Rate Per Cent	Income or Dividend Received	Valuation
New Jersey Bridge Co.....	\$ 500 00	.....	.....	\$ 500 00
St. Paul Union depot stock.....	43,750 00	6	\$ 2,625 00	43,750 00
Western Express Co. stock.....	25,000 00	.....	.....	25,000 00
Total.....	\$ 69,250 00	.....	\$ 2,625 00	\$ 69,250 00
Grand total—A and B.....	\$ 294,850 00	.....	\$ 2,625 00	\$ 294,850 00

BONDS OWNED.

Company's Original Report, Page 39.

B. OTHER BONDS.

Name	Total Par Value	Rate Per Cent	Valuation
Chapin Mining Co.....	\$ 40,200 00	6	\$ 40,200 00
Total.....	\$ 40,200 00	.....	\$ 40,200 00
Grand total—A and B.....	\$ 40,200 00	.....	\$ 40,200 00

[M., ST. P. & S. STE. M. RY. CO.]

OPERATING EXPENSES.

Company's Original Report, Pages 43-45.

Item.	Amount
Maintenance of Way and Structures:	
Repairs of roadway.....	\$ 246,324 47
Renewals of rails.....	6,428 04
Renewals of ties.....	72,912 02
Repairs and renewals of bridges and culverts.....	54,716 98
Repairs and renewals of fences, road crossings, signs and cattle guards.....	6,467 65
Repairs and renewals of buildings and fixtures.....	44,789 68
Repairs and renewals of docks and wharves.....	5,509 09
Repairs and renewals of telegraph.....	6,922 64
Stationery and printing.....	532 30
Other expenses.....	49 55
Total.....	\$ 444,832 37
Maintenance of Equipment:	
Superintendence.....	\$ 11,077 18
Repairs and renewals of locomotives.....	131,008 06
Repairs and renewals of passenger cars.....	48,109 31
Repairs and renewals of freight cars.....	191,273 42
Repairs and renewals of work cars.....	10,895 32
Repairs and renewals of shop machinery and tools.....	14,249 26
Stationery and printing.....	1,465 38
Other Expenses.....	10,974 96
Total.....	\$ 419,048 11
Conducting Transportation:	
Superintendence.....	\$ 57,143 68
Engine and roundhouse men.....	228,426 70
Fuel for locomotives.....	262,024 77
Water supply for locomotives.....	12,537 58
Oil, tallow and waste for locomotives.....	8,081 00
Other supplies for locomotives.....	3,178 06
Train service.....	167,647 91
Train supplies and expenses.....	37,897 83
Switchmen, flagmen and watchmen.....	37,571 84
Telegraph expenses.....	48,304 35
Station service.....	175,523 92
Station supplies.....	10,185 59
Switching charges—Balance.....	220 71
Car mileage Balance.....	40,116 87
Hire of equipment Balance.....	2,920 56
Loss and damage.....	13,479 84
Injuries to persons.....	15,590 94
Clearing wrecks.....	1,561 43
Operating marine equipment.....	14,093 50
Advertising.....	9,499 29
Outside agencies.....	93,613 08
Stock yards and elevators.....	5,656 82
Rents for tracks, yards and terminals—Page 47B.....	206,909 53
Stationery and printing.....	14,569 94
Other expenses.....	8,423 73
Total.....	\$ 1,394,937 73
General Expenses:	
Salaries of general officers.....	\$ 27,943 68
Salaries of clerks and attendants.....	37,286 79
General office expenses and supplies.....	13,478 86
Insurance.....	12,943 72
Law expenses.....	13,476 87
Stationery and printing (general offices).....	2,764 31
Other expenses.....	4,501 72
Total.....	\$ 112,345 45.

[M., ST. P. & S. STE. M. RY. CO.]

OPERATING EXPENSES—Continued.

Company's Original Report, Pages 43-45.

Item	Amount
Recapitulation of Expenses:	
Maintenance of way and structures.....	\$ 444,832 37
Maintenance of equipment.....	419,048 11
Conducting transportation.....	1,894,987 73
General expenses.....	112,345 45
Grand Total.....	\$ 2,871,163 66
Percentage of expenses to earnings—Entire line, 57.3 per cent.....	
Operating expenses—State of North Dakota:	
Maintenance of way and structures.....	\$ 87,843 15
Maintenance of equipment.....	68,292 84
Conducting transportation.....	212,154 99
General expenses.....	23,250 89
Total.....	\$ 391,541 87
Percentage of expenses to earnings—North Dakota, 50.8 per cent.	

RENTALS PAID.

B. RENTS PAID FOR LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 47.

Designation of Property	Situation of Property Leased	Name of Company Owning Property Leased	Total
Tracks, between.....	Third ave. N. & H. av. S., Minnpls....	Minneapolis & St. L. Ry.....	\$ 7,509 33
	Mpls. and St. Paul.	Northern Pacific Railway.....	16,728 00
	Northtown Inc. and M. & St. L. Ry....	" " "	11,956 92
	B. S. Wright addition to Shoreham.	" " "	1,335 00
	Northtown Inc. to Shoreham.....	" " "	1,083 40
Total			\$ 38,612 65
Bridge	Sault Ste. Marie....	New Jersey Bridge company..	\$ 17,602 46
Terminals	Minneapolis	D., S. S. & Atlantic Railway...	3,000 00
	St. Paul.....	Nor. Pac. and Gt. Nor. Rys....	28,877 38
	Minneapolis	C., M. & St. P. Ry.....	32,464 01
Total			\$ 91,943 81
Grand total rents—B (For entry on page 45, item 43)...			\$ 130,556 46.

[M., ST. P. & S. STE. M. RY. CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 51.

June 30, 1897		Assets	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
\$ 40,990,761 60		Cost of road—Page 29A.....	\$ 41,082,325 64			
4,492,542 70		Cost of equipment—Page 29B.....	5,040,794 24			
299,850 00		Stocks owned—Page 37.....	294,850 00			
40,200 00		Bonds owned—Page 38.....	40,200 00			
5,397,472 79	\$ 51,130,827 09	Advances, new branches, incl'g A., B. & N. Ry..	5,441,938 93	\$ 51,900,308 81	\$ 769,481 72	
250,596 55	250,596 55	Land owned.....	240,565 53	240,565 53		\$ 10,030 02
965,769 76	965,769 76	Cash and current assets—Page 23.....	1,084,630 82	1,084,630 82	118,861 06	
307,064 85	307,064 85	Other Assets:	438,749 54	438,749 54	129,684 69	
997,236 04	997,236 04	Materials and supplies.....	595,048 95	595,048 95		
		Profit and loss—page 31.....				402,187 09
\$ 53,651,493 29	\$ 53,651,493 29	Grand Total.....	\$ 54,257,303 65	\$ 54,257,303 65	\$ 905,810 36	
June 30, 1897		Liabilities	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
\$ 21,000,000 00	\$ 21,000,000 00	Capital stock—Page 17.....	\$ 21,000,000 00	\$ 21,000,000 00		
29,682,616 84	29,682,616 84	Funded debt—Page 23.....	29,829,645 81	29,829,645 81	\$ 147,028 87	
2,485,876 35	2,485,876 35	Current liabilities—Page 23.....	3,319,657 84	3,319,657 84	438,781 49	
83,000 00	83,000 00	Real estate mortgages.....	83,000 00	83,000 00		
		Bills payable, account Western Exp. Co. stock...	25,000 00	25,000 00	25,000 00	
\$ 53,651,493 29	\$ 53,651,493 29	Grand Total.....	\$ 54,257,303 65	\$ 54,257,303 65	\$ 905,810 36	

[M., ST. P. & S. STE. M. RY. CO.]

CONTRACTS, AGREEMENTS, ETC.

AFFECTING BUSINESS WITHIN STATE OF NORTH DAKOTA.

Company's Original Report, Page 55.

Here give a concise statement of all existing contracts, agreements, arrangements, etc., with other companies or persons, concerning the transportation of freight or passengers. Give the statement in the following order, viz:

1. Express companies.
2. Mails.
3. Sleeping, parlor or dining car companies.
4. Freight or transportation companies or lines.
5. Other railroad companies.
6. Steamboat or steamship companies.
7. Telegraph companies.
8. Telephone companies.
9. Other contracts.

No. 1. Western Express company: This express company operates over the line of the M., St. P. & S. Ste. M. Ry. and the D., S. S. & Atl. Ry., the net earnings being divided between the companies.

No. 2. United States post office department:

R 141058 Minneapolis to Fairmount, \$181 26 per mile, 202.31 miles.
 R 161015 Fairmount to Oakes, 82 08 per mile, 73.41 miles.
 R 161018 Hankinson to Portal, 144 30 per mile, 344.50 miles.

No. 3. Sleepers and diners: This company owns its sleepers and diners and operates them jointly with the Canadian Pacific Railway company.

Nos. 4, 5 and 6. No contract.

No. 7. Telegraph companies: This company owns and operates its own telegraph lines.

Nos. 8 and 9. No contract.

SECURITY FOR FUNDED DEBT.

Company's Original Report, Page 57.

Class of Bonds or Obligation	What Road Mortgaged			Amount of Mortgage Per Mile of Line
	From	To	Miles	
Minneapolis & Pacific railway, first mortgage	Minneapolis ..	Boynton, N. D.	287.60	\$ 10,833
Minneapolis, Sault Ste. Marie & Atlantic railway, first mortgage	Minneapolis ..	S. S. Marie....	500.73	16,536
Minneapolis, St. Paul & Sault Ste. Marie railway, first mortgage	S. S. M. & Bchs	Portal, N. D. ..	1,175.20	14,410

EMPLOYES AND SALARIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 59.

Class	Number	Total Number of Days Worked	Total Yearly Compensation	Average Daily Compensation
†General officers.....	3	924	\$ 10,898 03	\$ 11 79
Other officers.....	7	2,156	18,532 65	8 60
General office clerks.....	64	19,712	45,248 65	2 30
Station agents.....	35	10,780	17,337 27	1 61
Other station men.....	5	1,540	2,500 68	1 62
Enginemen.....	20	6,180	40,519 00	6 58
*Firemen (See page 58).....				
Conductors.....	13	4,004	15,906 26	3 97
Other trainmen.....	39	12,012	21,599 97	1 80
Machinists.....	1	308	831 30	2 70
Carpenters.....	18	5,544	11,007 89	1 99
Other shopmen.....	5	1,540	3,718 28	2 41
Section foremen.....	51	15,708	27,472 10	1 75
Other trackmen.....	67	20,636	24,353 18	1 18
Telegraph operators and dispatchers.....	10	3,080	6,382 25	2 07
All other employes and laborers.....	39	12,012	16,310 37	1 36
Total (including "General Officers")—North Dakota.....	377	116,116	\$ 262,617 88	\$ 2 26
Less "General Officers".....	3	924	10,898 03	11 79
Total (excluding "General Officers")—North Dakota.....	374	115,192	\$ 251,719 85	\$ 2 18
Distribution of Above:				
General administration.....	74	22,792	74,679 33	3 28
Maintenance of way and structures.....	157	48,356	70,729 57	1 46
Maintenance of equipment.....	24	7,392	12,963 55	1 75
Conducting transportation.....	122	37,576	104,245 48	2 77
Total (including "General Officers")—North Dakota.....	377	116,116	\$ 262,617 88	\$ 2 26
Less "General Officers".....	3	924	10,898 03	11 79
Total (excluding "General Officers")—North Dakota.....	374	115,192	\$ 251,719 85	\$ 2 18
Total (including "General Officers")—Entire Line.....	2,250	692,384	\$ 1,429,193 63	\$ 2 06

*Firemen are employed by the engineers.

†General officers receiving no compensation (entire line) two, viz: President and vice president.

[M., ST. P. & S. STE. M. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	74,485	
Number of passengers carried one mile.....	5,433,092	
Number of passengers carried one mile per mile of road.....	11,675	
Average distance carried.....	72.94	
Total passenger revenue—Page 35.....		\$ 120,060.70
Average amount received from each passenger.....		1.6188
Average receipts per passenger per mile.....		.02210
Total passenger earnings—Page 35.....		212,502.09
Passenger earnings per mile of road.....		456.64
Passenger earnings per train mile.....		1.73120
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	356,597	
Number of tons carried one mile.....	69,733,667	
Number of tons carried one mile per mile of road..	149,848	
Average distance haul of one ton.....	195.5	
Total freight revenue—Page 35.....		544,565.80
Average amount received for each ton of freight...		1.52709
Average receipts per ton per mile.....		.00781
Total freight earnings—Page 35.....		545,380.93
Freight earnings per mile of road.....		1,171.95
Freight earnings per train mile.....		1.67328
Passenger and freight:		
Passenger and freight revenue—Page 35.....		664,626.50
Passenger and freight revenue per mile of road....		1,428.20
Passenger and freight earnings—Page 35.....		757,893.02
Passenger and freight earnings per mile of road...		1,628.61
Gross earnings from operation—Page 35.....		770,799.07
Gross earnings from operation per mile of road....		1,656.35
Gross earnings from operation per train mile.....		1.25017
Operating expenses—Page 45.....		391,541.87
Operating expenses per mile of road.....		841.37
Operating expenses per train mile.....		.63504
Income from operation—Page 31.....		379,257.20
Income from operation per mile of road.....		814.98
Train Mileage:		
Miles run by passenger trains.....	282,199	
Miles run by freight trains.....	300,668	
Miles run by mixed trains.....	33,699	
Total mileage trains earning revenue.....	616,566	
Miles run by switching trains.....	2,685	
Miles run by construction and other trains.....	9,583	
Grand Total Train Mileage.....	628,824	
Mileage of loaded freight cars—North or east.....	2,528,207	
Mileage of loaded freight cars—South or west.....	2,753,512	
Mileage of empty freight cars—North or east.....	840,043	
Mileage of empty freight cars—South or west.....	420,509	
Average number of freight cars in train.....	20	
Average number of loaded cars in train.....	16	
Average number of empty cars in train.....	4	
Average number of tons of freight in train.....	213.95	
Average number of tons of freight in each loaded car.....	13.37	

[M., ST. P. & S. STE. M. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

ENTIRE LINE.

Company's Original Report, Page 61.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	317,196	
Number of passengers carried one mile.....	30,620,213	
Number of passengers carried one mile per mile of road.....	25,624	
Average distance carried.....	96.53	
Total passenger revenue—Page 35.....		562,791.38
Average amount received from each passenger.....		1.77427
Average receipts per passenger per mile.....		.01838
Total passenger earnings—Page 35.....		807,595.42
Passenger earnings per mile of road.....		875.41
Passenger earnings per train mile.....		.77870
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	2,661,344	
Number of tons carried one mile.....	546,063,524	
Number of tons carried one mile per mile of road...	456,962	
Average distance haul of one ton.....	205.20	
Total freight revenue—Page 35.....		2,287,309.25
Average amount received for each ton of freight...		1.23521
Average receipts per ton per mile.....		.00602
Total freight earnings—Page 35.....		3,296,371.68
Freight earnings per mile of road.....		2,758.47
Freight earnings per train mile.....		1.91376
Passenger and Freight:		
Passenger and freight revenue—Page 35.....		3,850,100.63
Passenger and freight revenue per mile of road.....		3,221.84
Passenger and freight earnings—Page 35.....		4,103,967.10
Passenger and freight earnings per mile of road...		3,434.24
Gross earnings from operation—Page 35.....		4,135,600.85
Gross earnings from operation per mile of road.....		3,460.75
Gross earnings from operation per train mile.....		1.49863
Operating expenses—Page 45.....		2,371,163.66
Operating expenses per mile of road.....		1,984.23
Operating expenses per train mile.....		.85925
Income from operation per mile of road.....		1,764,437.19
Train Mileage:		1,476.52
Miles run by passenger trains.....	978,978	
Miles run by freight trains.....	1,548,064	
Miles run by mixed trains.....	232,531	
Total mileage trains earning revenue.....	2,759,573	
Miles run by switching trains.....	402,011	
Miles run by construction and other trains.....	126,463	
Grand Total Train Mileage.....	3,288,047	
Mileage of loaded freight cars—North or east.....	19,311,126	
Mileage of loaded freight cars—South or west.....	17,853,647	
Mileage of empty freight cars—North or east.....	4,069,938	
Mileage of empty freight cars—South or west.....	5,542,705	
Average number of freight cars in train.....	27	
Average number of loaded cars in train.....	21	
Average number of empty cars in train.....	8	
Average number of tons of freight in train.....	317	
Average number of tons of freight in each loaded car.....	15	

[M., ST. P. & S. STE. M. RY. CO.]

FREIGHT TRAFFIC MOVEMENT.

STATE OF NORTH DAKOTA.

(Company's Material Excluded.)

Company's Original Report, Page 63.

Commodity	Freight Originat- ing on This Road	Freight Received from Con- necting Roads and Other Carriers	Total Freight Tonnage	
	Whole Tons	Whole Tons	Whole Tons	Per Cent
Products of Agriculture:				
Grain.....	104,742	1,167	105,909	29.70
Flour.....	5,081	.....	5,081	1.43
Other mill products.....	1,283	102	1,385	.39
Hay.....	225	.....	225	.06
Fruit and vegetables.....	2,309	401	2,900	.79
Other agricultural products.....	15,656	.....	15,656	4.39
Products of Animals:				
Live stock.....	6,832	45	6,877	1.93
Dressed meats.....	3,450	.....	3,450	.97
Poultry, game and fish.....	14	2,357	2,371	.67
Wool.....	13	136	149	.04
Hides and leather.....	37	42	79	.02
Products of Mines:				
Anthracite coal.....	32	2,500	2,532	.71
Bituminous coal.....	18,647	4,316	22,963	6.44
Ores.....	.....	9,159	9,159	2.57
Stone, sand and other like articles.....	584	.....	584	.16
Salt.....	.....	684	684	.19
Products of Forest:				
Lumber.....	49,677	43,109	92,786	26.02
Charcoal.....	266	.....	266	.08
Manufactures:				
Petroleum and other oils.....	3,486	375	3,861	1.08
Sugar.....	1,879	38	1,917	.54
Iron, pig and bloom.....	167	14	181	.05
Iron and steel rails.....	6,374	134	6,508	1.83
Other castings and machinery.....	6,715	759	7,504	2.10
Bar and sheet metal.....	17,233	2,691	19,924	5.59
Cement, brick and lime.....	2,252	392	2,644	.74
Agricultural implements.....	4,259	.....	4,259	1.19
Wagons, carriages, tools, etc.....	901	20	921	.25
Wines, liquors and beers.....	2,144	1,741	3,885	1.09
Household goods and furniture.....	3,367	33	3,400	.95
Merchandise.....	12,737	222	12,959	3.63
Miscellaneous:				
Other commodities not mentioned above	12,135	3,543	15,678	4.40
Total Tonnage—North Dakota....	282,617	73,980	356,597	100.00
Total Tonnage—Entire Line.....	1,804,009	857,335	2,661,344	100.00

[M., ST. P. & S. STE. M. RY. CO.]

DESCRIPTION OF EQUIPMENT.

Company's Original Report, Page 65.

Item	Number Added During Year	Total Number at End of Year	Equipment Fitted with Train Brake		Equipment Fitted with Automatic Coupler	
			Number	Name	Number	Name
Locomotives—Owned and Leased:						
Passenger.....	10	31	31	Westinghouse... (18V. cast. iron house... 1 A.M. Steam... 1 W. cast. iron house... 1 A.M. Steam...)	31	21 Washburn, 10 Trojan
Freight.....	7	70	69	Westinghouse...	33	22 " 11 "
Switching.....	1	5	5	Westinghouse...	2	2 "
Total locomotives in service...	2	106	105	Westinghouse...	66	45 Washburn, 21 Trojan
Less locomotives leased.....	.....	26	26	.....	10	10 "
Total locomotives owned.....	2	80	79	Westinghouse...	56	35 Washburn, 21 Trojan
Cars—Owned and Leased:						
In Passenger Service:						
First-class cars.....	1	18	18	Westinghouse...	18	2 " 16 "
Second-class cars.....	2	11	11	Westinghouse...	14	1 " 13 "
Combination cars.....	.....	7	7	Westinghouse...	7	7 "
Tourist cars.....	20	20	20	Westinghouse...	20	20 " 2 "
Dining cars.....	7	7	7	Westinghouse...	3	1 " 7 "
Sleeping cars.....	7	7	7	Westinghouse...	7	7 " 7 "
Baggage, express and postal cars...	1	16	16	Westinghouse...	16	11 " 5 "
Total.....	20	85	85	Westinghouse...	85	35 Washburn, 50 Trojan
In Freight Service:						
Box cars.....	498	5,299	2,147	Westinghouse...	3,909	192 Hein, 2176 Wash., 951 Tro.
Flat cars.....	16	669	152	Westinghouse...	128	2 " 128 "
Stock cars.....	1	100	.....	.....	4	4 "
Charcoal cars.....	1	49	5	Westinghouse...	13	1 " 12 "
Refrigerator cars.....	.....	13	.....	.....	160	.5 Wash., 5 Tro., 150 Janney
Other cars in freight service.....	.....	100	.....	.....	.....	.....
Total.....	469	6,310	2,304	Westinghouse...	3,164	184 Hein, 2312 Washburn.....868 Trojan, 150 Janney
In Company's Service:						
Officers and pay cars.....	.....	1	1	Westinghouse...	1	.....1 Hein

Gravel cars.....	1	51	51	Westinghouse...	1	.....1 Washburn
Derrick cars.....	3	3	3	.....	17	...2 Wash., 6 Hein, 9 Trojan
Caboose cars.....	1	72	72	Westinghouse...	2	.....1 Hein, 1 Janney
Other road cars.....	1	8	8	.....	21	{ .1 Hinson-Miller, 3 Wash, 7 Hein, 9 Trojan, 1 Janney
Total.....	1	135	135	.....	1,739	{740 Trojan, 75 Hein.....924 Washburn
Total cars in service.....	.....	6,530	2,442	.....	.....	.....
Less cars leased.....	.....	1,919	1,792	Westinghouse...	.....	.....
Total cars owned.....	.....	4,611	650	.....	223	{48 Trojan, 23 Hein.....152 Washburn
Cars contributed to fast freight line service.....	475	84	.....	Westinghouse...	.....	.....

EXPLANATORY REMARKS.

Company's Original Report, Page 64.

Other Cars in Freight Service:

Furniture.....	10
Ore.....	150

Janney couplers..... 150

Other Road Cars:

Pile drivers.....	2
Ditchers.....	2
Steam shovels.....	3
Snow plows (rotary).....	1
	8

[M., ST. P. & S. STE. M. RY CO.]

MILEAGE.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year		Rails	
	Main Line	Branches and Spurs								Iron	Steel
Miles of single track	1,039.31	135.89	.....	.....	.....	19.80	1,195.00	.....	.....	.....	1,175.20
Miles of yard track and sidings	163.87	.....	.....	.....	.....	.....	163.87	.....	.....	.....	163.87
Total mileage operated (all tracks).....	1,203.18	135.89	.....	.....	.....	19.80	1,358.87	.....	.....	.....	1,339.07

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK).

State or Territory	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year		Rails	
	Main Line	Branches and Spurs								Iron	Steel
Michigan	191.09	17.39	.....	.....	.....	1.26	209.74	.....	.....	.....	208.48
Wisconsin.....	262.80	8.62	.....	.....	.....	.....	271.42	.....	.....	.....	271.42
Minnesota.....	224.60	5.34	.....	.....	.....	18.54	248.48	.....	.....	.....	229.94
North Dakota	360.82	104.54	.....	.....	.....	.....	465.36	.....	.....	.....	465.36
Total mileage operated (single track).....	1,039.31	135.89	.....	.....	.....	19.80	1,195.00	.....	.....	.....	1,175.20

[M., ST. P. & S. STE. M. RY. CO.]

MILEAGE—Continued.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES (SINGLE TRACK).

Company's Original Report, Page 67.

State or Territory	Line Represented by Capital Stock		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
Michigan.....	191.00	17.39	.....	208.48	.....	208.48
Wisconsin.....	282.80	8.62	.....	271.42	.....	271.42
Minnesota.....	224.00	5.34	.....	229.94	.....	229.94
North Dakota.....	380.82	104.34	.....	465.36	.....	465.36
Total mileage owned (single track).....	1,099.31	135.89	.....	1,175.20	.....	1,175.20

MILEAGE—STATE OF NORTH DAKOTA.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by Capital Stock		Line of Property Company	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year		Rails	
	Main Line	Branches and Spurs								Iron	Steel
Miles of single track.....	380.82	104.34	.....	.....	.....	.....	.....	.....	.....	.....	465.36
Miles of yard track and sidings.....	27.88	.....	.....	.....	.....	.....	.....	.....	.....	.....	27.88
Total mileage operated (all tracks).....	388.90	104.34	.....	.....	.....	.....	493.24	.....	.....	.....	493.24

[M., ST. P. & S. STE. M. RY. CO.]
RENEWALS OF RAILS AND TIES.
 STATE OF NORTH DAKOTA.

Company's Original Report, Page 68.

New Rails Laid During Year				New Ties Laid During Year		
Kind	Tons	Weight Per Yard— Pounds	Average Price Per Ton at Distributing Points	Kind	Number	Average Price at Distribut- ing Point
Iron	Hard.....	6,164	\$ 0.39
Total iron.....	Soft.....	82,633	.18
				Culled Soft.....	3,394	.10
Steel.....	Switch.....	772	.50
Total steel.....	Bridge.....	240	.43
				Total.....	93,203	

CONSUMPTION OF FUEL BY LOCOMOTIVES.

Locomotives	Coal—Tons		Wood—Cords		Total Fuel Consumed— Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....	6,801	.....	100	6,851	294,348	46.47
Freight.....	14,706	.....	121	14,766½	370,666	79.67
Construction.....	294	.....	1	294½	11,345	51.92
Total.....	21,801	.....	222	21,912	676,859	64.75
Average cost at distributing point.....	\$ 2 06	.....	\$ 1 38			

Consumption of fuel by locomotives. The figures reported against the freight locomotives includes the fuel used and mileage made by our switch engines.

[M., ST. P. & S. STE. M. RY. CO.]

ACCIDENTS TO PERSONS.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 71.

Kind of Accident	Employees							
	Trainmen		Switchmen, Flagmen and Watchmen		Other Employees		Total	
	Killed	In- jured	Killed	In- jured	Killed	In- jured	Killed	In- jured
Coupling and uncoupling..	1	3	.....	.....	.....	.....	1	3
Falling from trains and engines.....	.....	1	.....	.....	.....	.....	.....	1
Collisions.....	.....	1	.....	.....	.....	.....	.....	1
Other train accidents.....	.....	1	.....	.....	.....	.....	.....	1
At stations.....	.....	5	.....	.....	.....	.....	.....	9
Other causes.....	.....	3	.....	.....	.....	4	.....	6
Total.....	1	14	.....	.....	.....	7	1	21

Kind of Accident	Others							
	Passengers		Trespassing		Not Trespassing		Total	
	Killed	In- jured	Killed	In- jured	Killed	In- jured	Killed	In- jured
Other train accidents.....	.....	1	2	.....	.....	.....	2	.....
At stations.....	.....	.....	.....	.....	.....	1	.....	1
Other causes.....	1	.....	.....	2	.....	.....	.....	2
Total.....	1	1	2	2	.....	1	2	3

[M., ST. P. & S. STE. M. RY. CO.]

EXPLANATORY REMARKS.

Company's Original Report, Page 70.

Report of killed, covering the period from July 1, 1897, to July 1, 1898.

PASSENGER KILLED BY OTHER CAUSES.

Passenger—Killed; walked off train while drunk.

TRESPASSERS KILLED BY OTHER CAUSES.

Trespasser—Killed; stealing ride.

Trespasser—Killed; walking on track.

Report of personal injuries, covering the period from July 1, 1897, to July 1, 1898.

TRAINMEN INJURED BY OTHER TRAIN ACCIDENTS.

Brakeman—Arm and two ribs broken; train broke in two, parts colliding.

TRAINMEN INJURED BY OTHER CAUSES.

Brakeman—Arm broken; catching tub thrown in moving caboose.

Brakeman—Side injured; knocked from moving car by plank projecting from chute.

Conductor—Toe jammed; lever of steam shovel fell back on toe.

OTHER EMPLOYEES INJURED BY OTHER CAUSES.

Employee—Rib broken; fell through shock of train stopping.

Carpenter—Foot punctured; stepped on spike.

Steam shovel man—Elbow sprained and system shocked; knocked from crane to ground by engineer letting dipper fall.

PASSENGERS INJURED BY OTHER TRAIN ACCIDENTS.

Immigrant Passenger—Back injured; his car of movables broke from train.

TRESPASSERS INJURED BY OTHER CAUSES.

Trespasser—Face scratched; ran into wire fence.

Trespasser—Foot crushed; stealing ride.

[C., M. & ST. P. RY. CO.]
CHARACTERISTICS OF ROAD.
 STATE OF NORTH DAKOTA.

Company's Original Report, Page 73.

Working Divisions or Branches			Alignment		Profile							
			Aggregate Length of Curved Line		Length of Straight Line	Ascending Grade			Descending Grades			
From	To	Miles	Number of Curves			Miles		No.	Sum of Ascents	Aggregate Length of Ascending Grades	No.	Sum of Descents	Aggregate Length of Descending Grades
							Miles					
State line.....	Hankinson	16.46	2	0.25	16.21	4.42	8	104.00	10.81	3	7.00	1.23
Hankinson	Valley City.....	81.50	19	7.32	73.98	19.37	48	609.25	40.59	39	432.24	21.34
Valley City.....	Cathay	90.17	43	10.38	69.59	23.22	61	341.00	37.00	44	285.00	19.95
Cathay	Boundary.....	182.69	97	22.18	160.51	58.79	124	1,145.00	78.31	92	738.70	45.59
Hankinson	Merricourt.....	92.61	31	5.88	86.73	20.64	90	1,083.10	47.15	68	489.00	24.62
Merricourt.....	Kulm.....	11.93	9	1.81	10.12	1.04	7	342.40	8.67	6	47.70	2.22
	Total.....	465.36	201	48.22	417.14	127.88	328	3,824.75	222.53	252	2,029.64	114.95

[C., M. & ST. P. RY. CO.]

CHARACTERISTICS OF ROAD—Continued.

STATE OF NORTH DAKOTA.

BRIDGES, TRESTLES, TUNNELS, ETC.

Company's Original Report, Page 75.

Item	Number	Aggregate Length		Minimum Length		Maximum Length	
		Feet	In.	Feet	In.	Feet	In.
Bridges:							
Wooden	159	27,992	2	30	....	1,457	3
Total	159	27,992	2	.....	....	.....	.....

Gauge of track, 4 feet, 8½ inches; 465.36 miles.

TELEGRAPH.

A. OWNED BY COMPANY MAKING THIS REPORT.

Miles of Line	Miles of Wire	Operated by Another Company			
		Miles of Line	Miles of Wire	Name of Operating Company	
463	888	463	888		

MILEAGE.

PAID TO COMPANIES NAMED BELOW FOR THE YEAR ENDING
JUNE 30, 1898.

Company's Original Report, Page 77.

Name of Owner	Description	1 Ct	¼ Ct	6-10 Ct
Armour Car Lines.....	refrigerator.	\$ 11 28	\$1,136 12	\$.....
American Brewing company.....	box.....			434 18
American Refrigerator Transit company.....	refrigerator.	11 28		
Anglo-American Refrigerator Car company.....	refrigerator.	60 25	42 01	
	refrigerator.		35 43	
	box.....			6 77
Arms Palace Horse Car company.....	stock.....			5 58
American Cereal Co. Despatch.....	box.....			34 86
Burton Stock Car company.....	stock.....			34 85
California Fruit Transportation company.....	refrigerator.		446 02	
Cornplanter Refining company.....	tank.....		309 04	
Cudahy Refrigerator Line.....	refrigerator.	260 30		
Craig Oil company.....	tank.....		174 26	
Canada Cattle Car company.....	stock.....			673 54
Commerce Despatch Line.....	box.....			12 77
Continental Fruit Express.....	refrigerator.		19 50	
Doid, Jacob, Packing company.....	refrigerator.	145 22		
Dairy Dealers' Despatch.....	refrigerator.		224 73	
Empire Oil Works.....	tank.....		3 10	
Excelsior Horse Car Line.....	stock.....			76
Geisler Manufacturing company.....	box.....			3 61
Globe Tank Line.....	tank.....		6 69	
Hammond Refrigerator Line.....	refrigerator.	206 02		
Horlick Food company.....	box.....			5 76
Independent Refining company.....	tank.....		23 30	3 36
Kansas City Dressed Beef Line.....	refrigerator.		1,496 12	
"	box.....			15 23
Kansas City Refrigerator Car company.....	refrigerator.		99 36	
Kingan Refrigerator Line.....	refrigerator.		1 44	
Lipton Refrigerator Line.....	refrigerator.	214 20		
Libby, McNeil & Libby.....	refrigerator.	16 92		
Manhattan Oil company.....	tank.....		398 25	
Mather Horse and Stock Car company.....	stock.....			9 33
Morris, Nelson & Co.....	refrigerator.		93	
National Linseed Oil company.....	tank.....		96 57	
National Rolling Stock company.....	box.....			33 03
New York Despatch Refrigerator Line.....	refrigerator.		12 13	
National Despatch Refrigerator Line.....	refrigerator.		8 46	
Omaha Packing company.....	refrigerator.		25 38	
Pabst Refrigerator Line.....	refrigerator.	90 24	98 42	
Peerless Transit company.....	tank.....		33 48	
Peavy Grain Line.....	box.....			26 35
Paragon Refining company.....	tank.....		586 04	
Provision Dealers Despatch.....	refrigerator.		8 46	
Pullman's Palace Car company.....	flat.....			3 60
St. Charles Car company.....	refrigerator.	242 80		
Street's Stable Car Line.....	stock.....			400 39
Swift Refrigerator Line.....	box.....			17 70
"	refrigerator.	1,222 31	566 33	
St. Paul Refrigerator Car Line.....	refrigerator.		136 22	
Shippers' Refrigerator Car company.....	refrigerator.		14 84	
St. Louis Refrigerator Car company.....	refrigerator.		4 10	
Union Refrigerator Transit company.....	refrigerator.	840 45	339 19	
Union Tank Line.....	tank.....		1,137 21	
Western Refrigerator Line.....	refrigerator.	77 24	56 09	
Western Refrigerator Transit company.....	refrigerator.		8 46	
Total.....		\$3,398 49	\$7,547 88	\$ 1,724 89
				\$12,671 26

OATH.

Company's Original Report, Page 79.

STATE OF MINNESOTA, }
COUNTY OF HENNEPIN. } ss.

We, the undersigned, F. D. Underwood, general manager, and C. W. Gardner, auditor of the Minneapolis, St. Paul & Sault Ste. Marie Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

F. D. UNDERWOOD, General Manager.

C. W. GARDNER, Auditor.

Subscribed and sworn to before me this 27th day of September, 1898.

[SEAL].

D. W. CASSIDAY, Notary Public, Minnesota.

ANNUAL REPORT

OF THE

SAINT PAUL, MINNEAPOLIS AND MANITOBA RAILWAY COMPANY

TO THE

RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Name of common carrier making this report? St. Paul, Minneapolis and Manitoba Railway company.

Date of organization? May 23, 1879.

Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. State of Minnesota.

If a consolidated company, name the constituent companies. Give reference to charters of each, and all amendments of same. See Note 1, page 2.

Date and authority for each consolidation? See Note 1, page 2.

If a reorganized company, give name of original corporation, and refer to laws under which it was organized. See Note 1, page 2.

What carrier operates the road of this company? Great Northern Railway company.

EXPLANATORY REMARKS.

Company's Original Report, Page 2.

NOTE 1. The Minnesota & Pacific Railway company was organized under special act of the Legislative assembly of the Territory of Minnesota, approved May 22, 1857. By subsequent acts of the Legislature of the State of Minnesota the St. Paul & Pacific Railroad company succeeded to all the rights, privileges and franchises of the Minnesota & Pacific Railway company.

Subsequently the first division of the St. Paul & Pacific Railroad company was organized under provisions of an act of the Legislature of the state of Minnesota authorizing certain stockholders of the St. Paul & Pacific Railroad company to organize and operate a portion of its line covered by mortgages executed by it, pursuant to the provisions of and as confirmed by an act of the Legislature of the state, approved Feb. 6, 1866.

Mortgages executed by the St. Paul & Pacific company and the First Division company were foreclosed and the property purchased at foreclosure sales by a syndicate which organized the St. Paul, Minneapolis & Manitoba Railway company under provisions of Chapter 30, Laws of 1876, state of Minnesota, being Section 37 of Chapter 34 of the General Statutes of the state of Minnesota. Upon its organization it became the owner of all the property, rights, privileges and franchises of the railroad companies named above and succeeded to and became the owner of all the charters, rights, privileges and franchises under the said act of May 22, 1857, and all acts amendatory thereof and supplemental thereto. That act with its amendments constitutes the charter of this company.

[ST. P., M. & M. RY. CO.]

ORGANIZATION.

Company's Original Report, Page 3.

Name of Directors	Post Office Address	Date of Expiration of Term
James J. Hill.....	St. Paul, Minn.....	.... When successor is elected
Lord Strathcona and Mount Royal.....	Glencoe, Scotland.....	.... When successor is elected
W. P. Clough.....	St. Paul, Minn.....	.... When successor is elected
Samuel Hill.....	Minneapolis, Minn.....	.... When successor is elected
E. T. Nichols.....	New York, N. Y.....	.... When successor is elected
Edward Sawyer.....	St. Paul, Minn.....	.... When successor is elected
John S. Kennedy.....	New York, N. Y.....	.... When successor is elected

Total number of stockholders at date of last election? 1,111.

Date of last meeting of stockholders for election of directors? October 14, 1897.

Give postoffice address of general office? St. Paul, Minn.

Give postoffice address of operating office? St. Paul, Minn.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, R. I. Farrington. Title, comptroller. Address, St. Paul, Minn.

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President.....	Samuel Hill.....	.....Minneapolis, Minn.
First vice-president.....	Lord Strathcona and Mount Royal.....	.....Glencoe, Scotland
Second vice-president.....	W. P. Clough.....	.....St. Paul, Minn.
Secretary and asst. treasurer.....	E. Sawyer.....	.....St. Paul, Minn.
Treasurer and asst. secretary.....	E. T. Nichols.....	.....New York, N. Y.
General solicitor.....	M. D. Grover.....	.....St. Paul, Minn.
Comptroller.....	R. I. Farrington.....	.....St. Paul, Minn.
Chief engineer.....	N. D. Miller.....	.....St. Paul, Minn.
Land commissioner.....	Samuel Hill.....	.....Minneapolis, Minn.
Asst. land commissioner.....	C. H. Babcock.....	.....St. Paul, Minn.

[ST. P., M. & M. RY. CO.]

PROPERTY LEASED OR OTHERWISE ASSIGNED FOR OPERATION.

(For Roads Not Making Operating Reports).

NAME OF RAILROAD, THE INCOME OF WHICH FROM LEASE OR FROM OTHER ASSIGNMENT FOR OPERATION IS INCLUDED IN THE INCOME ACCOUNT—PAGE 33.

Company's Original Report, Page 13.

Name	Terminals.		By What Company Operated	Under What Kind of Contract Operated	Miles of Line
	From	To			
St. Paul, Minneapolis & Manitoba Ry....	St. Paul and Minneapolis	(St. Vincent, Minn., Neche, N. D., Great Falls, Mont., Everett, Wash., and branch lines in the state of Minnesota, North Dakota and South Dakota	G. N. Ry. Co....	Lease.....	3,813.90
Total mileage.....	.....	.....	.....	.....	3,813.90

Company's Original Report, Page 13.

The lines of this company were leased to the Great Northern Railway company on Feb. 1, 1890, for a period of 999 years.

Lease recorded in office of secretary of state, of Minnesota, on the 9th day of May, 1890.

The Great Northern Railway company pays as rentals:

All interest as same falls due during the term of the lease on this company's bonds, or for which this company may be liable as guarantor.

Quarterly a sum equal to 1½ per cent on the capital stock of this company free from all taxes.

All taxes and assessments upon the property, gross earnings or income of this company, as same shall become due and payable during the term of the lease.

The sum of \$1,500.00 per month, or such portion thereof as shall be required for paying the expenses of maintaining this company's organization and the transaction of its necessary business.

[ST. P. M. & M. RY. CO.]

CAPITAL STOCK.

Description	Number of Shares Authorized	Par Value of Shares	Total Par Value Authorized	Total Amount Issued and Outstanding	Dividends Declared During Year	
					Rate	Amount
Capital Stock.....	200,000	\$ 100 00	\$ 20,000,000 00	\$ 20,000,000 00	6 per cent	\$1,200,000 00
Total.....	200,000	\$ 100 00	\$ 20,000,000 00	\$ 20,000,000 00	.....	\$1,000,000 00
Manner of Payment for Capital Stock	Number of Shares Issued During Year	Cash Realized on Amount Issued During Year	Total Number Shares Issued and Outstanding	Total Cash Realized		Remarks
Issued for cash.....	.....	.....	50,000	\$ 5,000,000 00		
Issued for reorganization.....	.....	.....	150,000	15,000,000 00		See statement, page 2.
Total.....	.....	.....	200,000	\$ 20,000,000 00		

* NOTE: A dividend of 1½ per cent has been paid quarterly out of the rentals received from the Great Northern Railway company.

[ST. P., M. & M. RY. CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS, AND INCOME BONDS.

Company's Original Report, Page 19.

Class of Bond or Obligation	Time		Amount of Authorized Issue	Amount Issued	Amount Outstanding	Cash Realized On Amount Issued	When Payable	Interest	
	Date of Issue	When Due						Amt. Accrued During Year	Amt. Paid During Year
1st mortgage bond.....	1879	1909	\$ 8,000,000 00	\$ 8,000,000 00	* 1,000 00	\$	6 Apr. 1, Oct. 1	\$ 480,000 00	
2d mortgage bond.....	1879	1909	8,000,000 00	8,000,000 00	* 8,000 00 00	5,683,642 85	6 May 1, Nov. 1	340,560 00	
Dak. Ext. mtg. bnds.....	1880	1910	6,000,000 00	5,675,000 00	5,675,000 00	13,344,000 00	6 Jan. 1, July 1	290,640 00	
Consolid. mtg. bonds.....	1883	1933	50,000,000 00	13,344,000 00	† 13,344,000 00	19,569,008 13	4 1/2 Jan. 1, July 1	940,641 94	
Mont. Ext. mtg. bds.....	1887	1937	25,000,000 00	22,830,000 00	† 22,250,000 00	19,569,008 13			
Leas bonds in hands of trustees of Pacific Extension mortgage in accordance with terms of that mtge..	.....	.....	.....	19,406,000 00					
Pac. Ext. mtge. bnds.....	.....	.....	.....	11,502,000 00					
Total:	.....	.....	.....	\$ 7,907,000 00	7,907,000 00	6,397,877 50	4 June 1, Dec. 1	† 316,280 00	
Mortgage bonds.....	.....	.....	.....	\$ 7,950,000 00	7,950,000 00	28,848,484 85	4 Jan. 1, July 1	\$ 581,818 18	
Grand total.....	.....	.....	.....	\$28,848,484 85	\$28,848,484 85	.....	.....	\$ 3,499,940 12	
	.....	.....	.....	.....	\$ 86,026,484 85	.....	.....	\$ 3,499,940 12	
	.....	.....	.....	.....	\$ 86,026,484 85	.....	.....	\$ 3,499,940 12	

* See note, page 2.

† Included in this amount are \$10,000,000 sold to stockholders under a resolution of the board of directors passed April 12, 1883, paid for as follows: \$1,000,000 cash, and railroads, equipment and other property costing over \$9,000,000.

‡ See statement, page 33.

§ The Pacific Extension bonds were issued and paid over to the Great Northern Railway as payment on account of construction of line to the Pacific coast. Of the amount authorized, \$3,000,000 (2,250,000 of which

have been executed) are in the hands of trustees of Great Northern Railway collateral trust mortgage as collateral.

§ The amount of interest shown for Pacific Extension bonds, viz: \$381,818.18, is 4 per cent on \$3,000,000 at \$4.848484 exchange, the balance of the bonds being deposited with the trustees of Great Northern Railway collateral trust mortgage as collateral.

¶ The interest on this company's bonds is paid by the Great Northern Railway company under contract for lease of this company's railway, dated Feb. 1, 1890.

[ST. P., M. & M. RY. CO.]

CURRENT ASSETS AND LIABILITIES.

Company's Original Report, Page 23.

Cash and Current Assets Available for Payment of Current Liabilities	Amount	Current Liabilities Accrued to and Including June 30, 1898.	Amount
Cash.....	\$ 7,942 80	Audited vouchers and accounts.....	\$ 8,989 28
Due from solvent companies and individuals.....	179 48	Wages and salaries.....	1,051 65
Other cash assets (excluding "materials and supplies")*.....	65,287 54		
Total—Cash and current assets.....	\$ 73,409 82	Total—Current liabilities.....	\$ 10,020 91
Balance—Current liabilities.....		Balance—Cash assets.....	63,388 71
Total.....	\$ 73,409 82	Total.....	\$ 73,409 82

* Materials and supplies on hand, none.

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment to Railroads	Amount Per Mile of Line	
			Miles	Amount
Capital stock—Page 17.....	\$ 20,000,000 00	\$ 20,000,000 00	3,813 90	\$ 5,244 00
Bonds—Page 19 ("grand total").....	86,026,484 85	86,026,484 85	3,864 75	22,259 00
Total.....	\$ 106,026,484 85	\$ 106,026,484 85	.....	3 27,503 00

[ST. P., M. & M. RY. CO.]

INCOME ACCOUNT.

(For Roads Making Operating Reports).

Company's Original Report, Page 33.

Income from lease of road		\$ 4,706,713 27
Total income		\$ 4,706,713 27
Deductions from Income:		
Salaries and maintenance of organization	\$ 6,773 15	
Interest on funded debt, accrued—Page 23	3,499,940 12	
Total deductions from income		\$ 3,506,713 27
Net income		\$ 1,200,000 00
Dividends, 6 per cent—Page 17	\$ 1,200,000 00	
Total		\$ 1,200,000 00
Surplus on June 30, 1897 (from "general balance sheet," 1897 report)		\$ 1,935,896 61
Surplus on June 30 (for entry on "general balance sheet," page 51)		\$ 1,935,896 61

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amt Issued	Amount Out- standing	Interest	
			Amt Accru'd During Year	Amt Paid During Year
Mortgage bonds, page 19		\$86,026,484 85	\$3,499,940 12	*
Total		\$86,026,484 85	\$3,499,940 12	

* See note ¶, page 19.

[ST. P., M. & M. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.

Company's Original Report, Page 29A.

Item.	Expenditures During Year			Total Cost to June 30, 1887	Total Cost to June 30, 1888	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses				
		Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment			
Construction:						
Right of way and station grounds.....	\$ 49,434 12			
Real estate.....	2,253 96			
Bridges, trestles and culverts.....	4,848 63			
Ties.....	46 80			
Rails.....	184,835 12			
Track fastenings.....	17 00			
Frogs and switches.....	346,112 49			
Ballast.....	164,985 87			
New side tracks.....	8,247 35			
Fencing right of way.....	7,761 74			
Snow fences and snow sheds.....	38,622 19			
Station buildings and fixtures.....	7,156 73			
Shops, roundhouses and turntables.....	9,091 59			
Shop machinery and tools.....	87,356 84			
Water stations.....	73,000 00			
Fuel stations.....	544,100 00			
Adjustment (See note, page 28A.....	1,865 60			
Road built by contract.....	538 54			
Miscellaneous structures.....				
Miscellaneous.....				
Total construction.....	\$ 1,516,151 51	\$104,027,188 72	\$105,543,340 23	\$ 27,881 61

NOTE.—The value of consol mortgage bonds redeemed during the years ending June 30, 1882, 1883 and 1884, were credited to cost of property instead of to sinking fund, as should have been done. Correction has been made and amount is shown as adjustment.

[ST. P., M. & M. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS—Continued.

Company's Original Report, Page 29B.

Item	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898	Cost Per Mile
	Not Included in Operating Expenses		Charged to Income Account as Permanent Improvements			
	Included in Operating Expenses	Charged to Construction or Equipment				
Equipment:				Cannot state		
Locomotives.....	\$ 12,566 28	\$ 9,116,881 98	\$ 9,168,665 47	\$ 2,372 90
Passenger cars.....	1,419 95	104,027,188 72	105,548,340 23	27,308 71
Sleeping, parlor and dining cars.....	9,347 71			
Freight cars.....	7,930 23			
Other cars of all classes.....	20,519 34			
Total equipment.....	\$ 31,783 49			
Total construction, page 29A.....	1,561,151 51			
Grand total cost construction, equipment, etc.....	\$ 1,567,935 00	\$113,144,070 70	\$114,712,005 70	\$ 29,681 61
Total cost construction, etc.—State of North Dakota.	\$ 451,929 55	Cannot state	state	

[ST. P., M. & M. RY. CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 49-51.

June 30, 1897		Assets	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
\$ 104,027 188 72	Cost of road—Page 29A.....	\$ 105,543 340 23	.....	\$ 1,516 151 51	
9,116,881 88	Cost of equipment—Page 29B.....	9,168,685 47	.....	51,753 49	
380,180 00	Premium on bonds exchanged and redeemed.....	427,868 89	.....	31,708 89	
\$ 113,334 250 70	Cash and current assets—Page 23.....	\$ 115,130 894 59	.....		\$ 124,713 85
186,123 47		73,469 62	.....	
\$ 113,752,374 17	Grand Total.....	\$ 115,213,304 21	.....	\$ 1,480,980 04	
June 30, 1897		Liabilities	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
\$ 20,000,000 00	Capital stock—Page 17.....	\$ 20,000,000 00	.....	\$ 927,600 00	\$ 129,385 45
85,086,884 85	Funded debt—Page 23.....	86,023,484 85	.....	
139,406 36	Current liabilities—Page 23.....	10,020 91	.....	
		Sinking fund:				
\$ 6,312,332 08	First mortgage bonds.....	\$ 6,321,630 00	.....	9,317 92	
3,680 03	Consolidated mortgage bonds.....	677,027 60	.....	678,397 57	
6,315,932 11	Pacific extension bonds unexecuted.....	6,998,677 60	.....	
242,424 24	Profit and loss—page 31 (or 33).....	242,424 24	.....	
1,955,686 61		1,955,686 61	.....	
\$ 113,752,374 17	Grand Total.....	\$ 115,213,304 21	.....	\$ 1,480,980 04	

[ST. P., M. & M. RY. CO.]

IMPORTANT CHANGES DURING THE YEAR.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 53.

1. All extensions of road put in operation.
2. Decrease in mileage by line abandoned or line straightened.
3. All other important physical changes.
4. All leases taken or surrendered.
5. All consolidations or reorganizations effected.
6. All new stocks issued.
7. All new bonds issued.
8. All other important financial changes.

	Miles
1. Line—Lanadon to Hannah.....	21.08
Cavalier to Walhalla.....	16.13
Extension of Breckenridge and Larimore line at Larimore.....	.05
2, 3, 4, 5 and 6. None.....	
7. Consolidated mortgage bonds issued upon line constructed.....	\$ 544,100
Issued account first mortgage bonds redeemed by the trustees as provided by mortgage.....	950,800
8. First mortgage bonds redeemed during the year for cash.....	60,400
Consolidated mortgage bonds 4½ per cent redeemed during year for cash.....	507,000

The first mortgage bonds have all been redeemed with exception of \$1,000. Cash for redemption of this bond is in the hands of trustees. Satisfaction of mortgage has been filed. Interest on the first mortgage bonds ceased prior to June 1, 1899, so that no interest on same appears in the income account.

SECURITY FOR FUNDED DEBT.

Company's Original Report, Page 57.

Class of Security	From	To	Miles
Second mortgage bonds.	St. Paul..... Minn.	Int'l boundary.. St. Vincent	393.015
	St. Cloud..... "	Sauk Rapids..... Minn.	2.441
	Minneapolis Jct.. "	Breckenridge..... "	205.743
	Crookston..... "	Red River..... "	23.542
Dakota extension m't'ge.	Morris..... "	Browns Valley..... "	46.680
	Barnesville..... "	Neche..... N. D.	182.060
	Red River..... "	End of line west..... "	64.589
	Breckenridge..... "	Portland..... N. D.	100.041
	Ripon, N. D..... "	Hope..... "	29.610
	Everest..... Minn.	Mayville..... "	45.520
Consolidated mortgage..	Same lines as second mortgage.....	extension mortgage.....	824.741
	Same lines as Dakota extension mortgage.....	Willmar..... Minn.	488.500
	St. Cloud..... Minn.	Milaca..... "	55.050
	Elk River..... "	Evansville..... "	31.800
	Tintah..... "	St. Cloud..... "	32.081
	Minneapolis..... "	Hinckley..... "	62.980
	St. Cloud..... "	Eagle Bend..... "	66.510
	Sauk Centre..... "	Pelican Rapids..... "	38.437
	Fergus Falls..... "	Spring Park..... "	21.648
	Lake Jct..... "	St. Hilaire..... "	6.
	Shirley..... "	Halstad..... "	21.600
	Moorhead..... "	Hutchinson..... "	34.
	Hutchinson Jct.. "	Watertown..... S. D.	53.067
	Benson..... "	Ellendale..... N. D.	91.624
	Tintah..... "	Aberdeen..... S. D.	104.321
	Rutland..... N. D.	Wahpeton..... N. D.	64.
	Moorhead..... Minn.	Montana boundary.....	43.
	End of track..... N. D.		282.583

[ST. P., M. & M. RY. CO.]

SECURITY FOR FUNDED DEBT—Continued.

Company's Original Report, Page 57.

Class of Security	From	To	Miles
	Portland..... "	Langdon..... N. D.	106.189
	Mayville..... "	Portland Jct..... "	5.036
	Rugby Jct..... "	Bottineau..... "	38.659
	St. Cloud..... Minn.	End of track..... "	2.530
	Carman..... "	Fosston..... Minn.	44.690
	Church's Ferry..... N. D.	St. John..... N. D.	35.210
	Grafton..... "	Cavalier..... "	31.710
	Eagle Bend..... Minn.	Park Rapids..... Minn.	54.524
	Halstad..... "	Alton..... N. D.	10.381
	St. Hilaire..... "	Thief River Falls..... Minn.	7.586
	St. Hilaire..... "	Red Lake Falls..... "	10.131
	Addison..... N. D.	Rita..... N. D.	11.78
	Halstad..... Minn.	Carman..... Minn.	32.23
	Hope..... N. D.	Aneta..... N. D.	28.07
	Langdon..... "	Hannah..... "	20.154
	Cavalier..... "	Walhalla..... "	16.128
Montana extension.....	Dakota boundary.....	Great Falls..... Mont.	419.092
Pacific extension.....	Pacific Jct..... Mont.	Montana-Idaho state line.	383.40
	Pacific Jct..... "	Everett..... Wash.	818.83

Note 1.—By the terms of the mortgage, the Dakota extension mortgage in addition to the lines above enumerated thereunder also covers all other lines owned by this company in North and South Dakota.

Note 2.—In addition to the above second and consolidated mortgages cover:

	Miles
Second track.....	32.006
Third and fourth tracks.....	18.580
Fifth track.....	2.319
Sixth track.....	.724

The above tracks are located between St. Paul and Fridley and Lake Junction, Minn.

Note 3.—Montana extension bonds were issued upon lines Pacific Junction to Montana-Idaho state line and placed in hands of trustees of Pacific extension mortgage to secure to holders of that mortgage the first lien to the above line in Montana, as the Montana extension mortgage covers all lines constructed in Montana.

[ST. P., M. & M. RY. CO.]

MILEAGE.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES (SINGLE TRACK).

Company's Original Report, Page 67.

State or Territory	Line Represented by Capital Stock		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
Main line.....	1,390.93	.....	1,390.93	3.38	71.02	1,299.91
Second, third, fourth, fifth and sixth tracks.....	50.85	.....	50.85	.....	.....	50.85
North Dakota.....	1,116.15	.....	1,116.15	37.24	60.09	1,036.06
South Dakota.....	89.25	.....	89.25	.....	.....	89.25
Montana.....	802.07	.....	802.07	.10	.....	802.07
Idaho.....	82.70	.....	82.70	.....	.....	82.70
Washington.....	352.80	.....	352.80	.07	.....	352.80
Total mileage owned (single track).....	3,894.75	.....	3,894.75	34.08	181.11	3,733.64

[ST. P., M. & M. RY. CO.]

MILEAGE—STATE OF NORTH DAKOTA.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES (SINGLE TRACK).

Company's Original Report, Page 67B.

State or Territory	Line Represented by Capital Stock		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
North Dakota.....	1,116.15	.....	1,116.15	37.24	60.09	1,056.06
Total mileage owned (single track).....	1,116.15	.....	1,116.15	37.24	60.09	1,056.06

[ST. P., M. & M. RY. CO.]

CHARACTERISTICS OF ROAD.

STATE OF NORTH DAKOTA.

BRIDGES, TRESTLES, TUNNELS, ETC.

Company's Original Report, Page 73.

Item	Number	Aggregate Length		Minimum Length		Maximum Length	
		Feet	In.	Feet	In.	Feet	In.
Bridges:							
Iron	2	254	....	98	....	156	....
Wooden	37	4,341	....	22	....	1,500	....
Total	39	4,595	....	....	....	....	....
Trestles	1,097	56,824	....	8	....	588	....

Gauge of track, 4 feet, 8½ inches; 1,116.15 miles.

TELEGRAPH.

A. OWNED BY COMPANY MAKING THIS REPORT.

Miles of Line	Miles of Wire	Operated by Another Company		
		Miles of Line	Miles of Wire	Name of Operating Company
1,100.39	3,893.79	1,110.39	3,893.79	Operated by Great Northern Ry. jointly with the Western Union Telegraph Co.

OATH.

Company's Original Report, Page 79.

STATE OF MINNESOTA, }
COUNTY OF RAMSEY. } ss.

We, the undersigned, Samuel Hill, president, and Robert I. Farrington, comptroller of the St. Paul, Minneapolis & Manitoba Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

SAMUEL HILL, President.

ROBT. I. FARRINGTON, Comptroller.

Subscribed and sworn to before me this 21st day of October, 1898.

[SEAL].

MAGNUS LUNDBERG, Notary Public,

Ramsey County, Minnesota

ANNUAL REPORT

OF THE

GREAT NORTHERN RAILWAY COMPANY

TO THE

RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Name of common carrier making this report? Great Northern Railway company.

Date of organization? March 1, 1856.

Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. Minnesota. Acts of March 1, 1856; February 23, 1857; February 28, 1865; March 5, 1869; March 6, 1869; March 2, 1870; March 11, 1879; March 7, 1881; March 10, 1885.

ORGANIZATION.

Company's Original Report, Page 5.

Name of Directors	Post Office Address	Date of Expiration of Term
Lord Strathcona and Mount Royal.....	Glencoe, Scotland.....	October 10, 1898
Jacob H. Schiff.....	New York, N. Y.....	October 10, 1898
Henry W. Cannon.....	New York, N. Y.....	October 10, 1898
James J. Hill.....	St. Paul, Minn.....	October 10, 1899
W. P. Clough.....	St. Paul, Minn.....	October 10, 1899
Samuel Hill.....	Minneapolis, Minn.....	October 10, 1899
J. Kennedy Tod.....	New York, N. Y.....	October 14, 1900
Edward Sawyer.....	St. Paul, Minn.....	October 14, 1900
M. D. Grover.....	St. Paul, Minn.....	October 14, 1900

Total number of stockholders at date of last election? 359.

Date of last meeting of stockholders for election of directors? October 14, 1897.

Give postoffice address of general office? St. Paul, Minn.

Give postoffice address of operating office? St. Paul, Minn.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, R. I. Farrington. Title, comptroller. Address, St. Paul, Minn.

[GREAT NORTHERN RAILWAY CO.]

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
President	James J. Hill.....	St. Paul, Minn.
First vice-president.....	W. P. Clough.....	St. Paul, Minn.
Secretary and asst. treasurer	E. T. Nichols.....	New York, N. Y.
Treasurer and asst. secretary	E. Sawyer.....	St. Paul, Minn.
General solicitor.....	M. D. Grover.....	St. Paul, Minn.
Comptroller.....	R. I. Farrington.....	St. Paul, Minn.
Chief engineer.....	N. D. Miller.....	St. Paul, Minn.
General superintendent.....	R. Harding.....	St. Paul, Minn.
Asst. Gen. Supt., E. District	J. M. Gruber.....	St. Paul, Minn.
Asst. Gen. Supt., W. District	F. H. Britton.....	Spokane, Wash.
	P. L. Clarity.....	Minneapolis, Minn.
	R. W. Bryan.....	Melrose, Minn.
	R. H. Bowron.....	Willmar, Minn.
	J. M. Davis.....	Breckenridge, Minn.
Division superintendents.....	C. H. Jenks.....	Grand Forks, N. D.
	J. Russell.....	Larimore, N. D.
	L. D. Eutton.....	Hayre, Mont.
	P. F. Connelly.....	Kalispell, Mont.
	Frank Shesgreen.....	Everett, Wash.
General traffic manager.....	F. B. Clarke.....	St. Paul, Minn.
General freight agent.....	Geo. O. Somers.....	St. Paul, Minn.
Asst. general freight agent....	W. H. Hill.....	St. Paul, Minn.
General passenger agent.....	F. I. Whitney.....	St. Paul, Minn.
Asst. general passenger agent	T. B. Lynch.....	St. Paul, Minn.
General ticket agent.....	F. I. Whitney.....	St. Paul, Minn.
Asst. general ticket agent....	T. B. Lynch.....	St. Paul, Minn.
General baggage agent.....	S. A. Smart.....	St. Paul, Minn.
Asst. land commissioner.....	C. H. Babcock.....	St. Paul, Minn.
Superintendent of telegraph..	C. P. Adams.....	St. Paul, Minn.

[GREAT NORTHERN RAILWAY CO.]

PROPERTY OPERATED.

STATE OF NORTH DAKOTA.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9A.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
3. St. Paul, Mpls & Manitoba Ry..	Minnesota state line	Ellendale.....	95.14	
	Rutland.....	South Dakota state line	10.45	
	Minnesota state line.....	Grand Forks.....	73.33	
	Grand Forks.....	Boundary line.....	80.94	
	Grafton.....	Wahalla.....	47.84	
	Minnesota state line.....	Wahpeton.....	6.02	
	Minnesota state line.....	Larimore via Portland.....	134.45	
	Casselton.....	Portland Junction via Mayville.....	47.08	
	Ripon.....	Hope.....	29.50	
	Minnesota state line.....	Minot.....	206.79	
	Park River Junction.....	Hannah.....	94.94	
	Ruby Junction.....	Bottineau.....	38.66	
	Church's Ferry.....	St. Johns.....	55.21	
	Addison.....	Rita.....	11.78	
	Minnesota state line.....	Alton.....	9.83	
	Minot.....	Montana state line.....	144.15	
	Hope.....	Aucta.....	28.07	
	.....	.....	.....	1,116.15

[GREAT NORTHERN RY. CO.]

PROPERTY OPERATED.

NAME OF EVERY RAILROAD THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
3. St. Paul, Minneapolis & Manitoba Railway company.	St. Paul, Minn.	Barnesville, Minn.	217.82	
	State Fair Grounds.	Spur.	68.64	
	Ossau Junction, Minn.	St. Cloud, including north "y."	31.80	
	Elk River, "	Milaca, Minn.	64.13	
	St. Cloud, "	Hinckley, "	52.14	
	East St. Cloud, "	Sank Rapids "	53.55	
	St. Cloud, "	Willmar Jct., "	38.44	
	Sank Centre, "	Eagle Bend, "	54.32	
	St. Cloud, "	Park Rapids, "	21.65	
	Eagle Falls, "	Pelican Rpts., "	52.83	
	Evansville, "	Yarmouth, "	2.83	
	North St. Cloud branch	East Minneapolis, Minn.	204.26	
	Minneapolis Jct., Minn.	Breckenridge, "	5.83	
	East Minneapolis, "	Hutchinson, "	43.13	
	Minnetonka North Shore Line	Brown Valley, "	104.82	
	Hutchinson Jct., Minn.	Ellendale, N. D.	94.00	
	Yarmouth, "	Aberdeen, S. D.	91.62	
	Wadena, N. D.	Wartown, "	170.83	
	Benson, Minn.	St. Vincent, Minn.	2.12	
	Barnesville, "	Boundary line,	2.12	
	St. Vincent Junction switch	End of track via old depot.	21.33	
	St. "	St. Hillaire, Minn.		
	Shirley, Minn.			

	Barnesville Jct., "	Grand Forks Jct., N. D.	86.14
	Grand Forks, N. D.	" Boundary line.....	90.94
	Grafton,	Walhallia, N. D.	47.84
	Moorhead, Jct., Minn.	Halsstad, Minn.	34.09
	Moorhead,"	Wanpeton, N. D.	42.91
	Carmou,"	Fosston, Minn.	44.69
	Halslad,"	Aiton, N.D.	10.38
	Breckenridge,"	Larimore," via Portland	135.06
	Casselton, N. D.	Portland Jc " via Nayville	47.03
	Rippon,	Hope,	29.50
	Addison West Line.	"	11.98
	Crookston Jct., Minn.	Minot,	230.33
	Park River Junction, N. D.	Hannah,"	94.94
	Rugby Junction,"	Bottineau,"	38.66
	Churchs Ferry,"	St. Johns,"	53.21
	Minot,"	South side Sun River, Mont.	549.25
	Johnstown,"	Junction with Sand Coulee branch, Great Falls, Mont.	
	West Side Branch from Great Falls, Mont.	Falls, Mont.	3.10
	St. Hilaire, Minn.	Montana Smelter....	5.04
	"	Thief River Falls, Minn.	5.33
	Pacific Junction, Mont.	Red Lake Falls,"	7.59
	Junction with S., L. S. & E. Ry. at Spokane, Wash.	East Spokane, Wash., junction with Union Pacific Railway	10.13
	Halslad, Minn.	Junction with E. & M. C. Ry. at Lowell, via switchback.....	311.40
	Hope, N. D.	Carmou, Minn.	\$07.60
	East Spokane, Wash.	Aneta, N. D.	\$2.23
	O. Ry. & N. company tracks.....	Junction with tracks of Spokane Union Depot company.....	28.07
	Spokane Union Depot Co.....	Junction with S. & S. Ry.....	.84
	Spokane & Seattle Railway.....	Connection with G. N. Ry. west of Spokane.....	2.56
	Everett & Monte Cristo Ry.....	Junction E. & M. C. Ry., Everett..	1.40
	Seattle & Montana Railway.....	Seattile, Wash.	5.25
			36.00
	Total mileage operated.....		
			\$3,813.90
			46.05
			<u>\$3,859.95</u>

[GREAT NORTHERN RY. CO.]

CAPITAL STOCK.

Company's Original Report, Page 17.

Description	Number of Shares Authorized	Par Value of Shares	Total Par Value Authorized	Total Amount Issued and Outstanding	Dividends Declared During Year	
					Rate	Amount
Capital Stock:						
Common.....	20,000	\$ 100 00	\$ 20,000,000 00			\$ 1,500,000 00
Preferred.....	250,000	100 00	25,000,000 00	\$ 25,000,000 00	6 per cent	
Total.....	450,000	.....	\$ 45,000,000 00	\$ 25,000,000 00	.....	\$ 1,500,000 00
Manner of Payment for Capital Stock	Number of Shares Issued During Year	Cash Realized on Amount Issued During Year	Total Number Shares Issued and Outstanding	Total Cash Realized	Remarks	
Issued for cash: Preferred.....	.....	.....	50,000	\$ 5,000,000 00	See note.	
Issued for one-half cash and one-half properties and securities transferred to this company by the St. P., M. & M. Ry. Co: Preferred...	.....	.....	200,000	20,000,000 00		
Total.....	.....	.....	250,000	\$ 25,000,000 00		

NOTE.—The original issue of stock was paid one-half in cash and one-half in properties and securities, as shown in report of previous years.

[GREAT NORTHERN RY. CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS, AND INCOME BONDS.

Company's Original Report, Page 19.

Class of Bond or Obligation	Time		Amount of Authorized Issue	Amount Issued	Amount Out- standing	Cash Realized On Amount Issued	When Payable	Interest	
	Date of Issue	When Due						Amt. Accrued During Year	Amt. Paid During Year
Collateral: Trust bonds.....	Sept. 1 1892	Sept. 1 1902	\$ 15,000,000 00	\$ 15,000,000 00	\$ 15,000,000 00	\$ 10,834,528 26	4 Sep. 1, Mch. 1	\$ 600,000 00	\$ 602,080 00
Total miscellane- ous obligations..	.....	.....	\$ 15,000,000 00	\$ 15,000,000 00	\$ 15,000,000 00	\$ 10,834,528 26	.....	\$ 600,000 00	\$ 602,080 00
Grand total.....	.....	.....	\$ 15,000,000 00	\$ 15,000,000 00	\$ 15,000,000 00	\$ 10,834,528 26	.....	\$ 600,000 00	\$ 602,080 00

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amount Issued	Amount Outstanding	Interest	
			Amount Accrued Dur- ing Year	Amount Paid During Year
Miscellaneous obligations—Page 19.....	\$ 15,000,000 00	\$ 15,000,000 00	\$ 600,000 00	\$ 602,080 00
Total.....	\$ 15,000,000 00	\$ 15,000,000 00	\$ 600,000 00	\$ 602,080 00

[GREAT NORTHERN RAILWAY CO.]

CURRENT ASSETS AND LIABILITIES.

Cash and Current Assets Available for Payment of Current Liabilities	Amount	Current Liabilities Accrued to and Including June 30, 1898	Amount
Cash.....	\$ 2,574,826 65	Audited vouchers and accounts.....	\$ 799,644 98
Bills receivable.....	98,275 22	Wages and salaries.....	791,909 69
Due from agents.....	487,409 55	Dividends not called for.....	513 00
Due from current companies and individuals.....	696,659 96	Matured interest coupons unpaid (including coupons due July 1).....	2,020 00
Net traffic balances due from other companies.....	594,978 80	Rents due July 1.....	1,286,748 38
Other cash assets (excluding "materials and supplies")..	74,816 03		
Total—Cash and current assets.....	\$ 4,485,056 11	Total—Current liabilities.....	\$ 2,890,738 01
Total.....	\$ 4,485,056 11	Balance—Cash assets.....	1,654,320 10
		Total.....	\$ 4,485,056 11

* Materials and supplies on hand, \$1,181,993.40.

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment to Other Properties
Capital stock—Page 17.....	\$ 25,000,000 00	\$ 25,000,000 00
Bonds—Page 19 ("grand total").....	15,000,000 00	15,000,000 00
Total.....	\$ 40,000,000 00	\$ 40,000,000 00

[GREAT NORTHERN RAILWAY CO.]
COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.
 Company's Original Report, Page 29A.

Item	Charges During Year				Total Cost to June 30, 1897	Total Cost to June 30, 1898, of Additions and Improvements Made by G. N. Ry. Co. to Property of St. P., M. & M. Ry. Co., and Paid for from Fund for P. & I. R.
	Expended During Year	Not Included in Operating Expenses				
		Charged to Fund for Permanent Improvements and Renewals	Charged to St. P. M. & M. Ry. Co.			
Construction:						
Right of way and station grounds.....	\$ 39,765 61	\$ 483 05	\$ 49,434 12	\$ 10,151 56	\$ 483 05	
Real estate.....	1,801 46	1,584 80	2,253 96	22,037 30	1,584 80	
Grading and masonry.....	92,806 72	111,915 57	.....	19,108 85	186,915 57	
Tunnels.....	750,000 00	750,000 00	.....	.....	750,000 00	
Bridges, trestles and culverts.....	30,660 35	37,968 50	4,846 63	12,154 78	37,968 50	
Rails.....	64,145 00	641 65	188,704 80	125,201 45	641 65	
Track fastenings.....	242,329 48	41,573 08	346,112 49	145,356 09	41,573 08	
Ballast.....	162,256 49	57,028 47	164,985 87	60,357 85	57,028 47	
New side tracks.....	28,045 70	47,671 75	8,247 35	27,873 40	47,671 75	
Fencing right of way.....	3,861 16	13,459 74	7,761 74	17,360 32	13,459 74	
Snow fences and snow sheds.....	1,344 38	1,768 62	.....	424 24	1,768 62	
New cribbing and bulkheading.....	116 02	272 55	.....	156 53	272 55	
Telegraph lines.....	37,303 98	20,627 36	38,622 19	21,945 57	20,627 36	
Station buildings and fixtures.....	4,137 30	13,588 18	7,156 73	2,294 15	13,588 18	
Shops, roundhouses and turntables.....	1,144 61	1,330 07	9,061 59	9,277 05	1,330 07	
Shop machinery and tools.....	152,005 32	131,918 48	87,556 84	67,470 00	131,918 48	
Water stations.....	2,546 57	3,539 35	.....	992 78	3,539 35	
Fuel bunkers and stock yards.....	885 47	885 47	.....	.....	885 47	
Docks and wharves.....	263 04	716 16	1,985 60	2,438 72	716 16	
Miscellaneous structures.....	.....	.....	.....	.....	.....
Total construction.....	\$ 1,615,418 66	\$ 1,237,572 85	\$ 902,446 45	\$ *544,600 64	\$ 11,312,572 85	

EXPLANATORY REMARKS.

* Note 1.—Included in total for year 1897 was item of \$20,000 "real estate" which has been transferred to "other permanent investments."
 † Note 2.—Included in the "total cost to June 30, 1898, of additions and improvements made by G. N. Ry. Co. to property of St. P., M. & M. Ry. and paid for from "fund for permanent improvement and renewals" is an amount of \$75,000 which had been paid from fund for permanent improvements in prior years, and which is now taken up in this account on both sides of the balance sheet.

[GREAT NORTHERN RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS—Continued.

Company's Original Report, Page 29B.

Item	Charges During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898, of Additions and Improvements Made by G. N. Ry. Co. to Property of St. P., M. & N. Ry. Co. and Paid for from Fund for P. I. & R.	Total cost of Equipment
	Expended During Year	Not Included in Operating Expenses				
		Charged to Fund for Permanent Improvements and Renewals	Charged to St. P. M. & N. Ry. Co.			
Equipment:						
Locomotives.....	102,011 28		12,566 26	990,532 22	.....	\$ 1,093,977 24
Passenger cars.....	7,809 71	.....	1,419 95	13,974 21	.....	20,393 97
Sleeping parlor and dining cars.....	28,314 55	.....	9,347 71	297,435 45	.....	316,402 29
Baggage, express and postal cars.....	28,456 03	.....	.....	55,386 36	.....	81,841 39
Freight cars.....	479,243 22	.....	7,930 23	1,507,435 57	.....	1,985,913 35
Other cars of all classes.....	144,924 93	.....	20,519 34	385,087 32	172,835 21	515,387 91
			4,125 00		4,125 00	
Total equipment.....	\$ 788,759 72	\$ 176,990 21	\$ 51,783 49	\$ 3,249,850 13	\$ 176,990 21	\$ 3,800,866 15
Total—Page 29 A.....	1,615,418 66	1,237,572 85	902,446 45	544,600 64	1,312,572 85	
Grand total.....	\$ 2,404,178 38	\$ 1,414,533 06	\$ 954,229 94	\$ 3,794,450 77	\$ 1,489,533 06	\$ 3,800,866 15
Total cost—State of North Dakota.....	\$ 250,003 83	\$ 49,064 54	\$ 451,929 55	\$ 250,990 26	\$ 49,064 54	*

EXPLANATORY REMARKS.

* Note 1.—The total cost for North Dakota shown on page 29B does not include expenditures for equipment, as same is not apportioned to states.

[GREAT NORTHERN RY. CO.]

INCOME ACCOUNT.

(For Roads Making Operating Reports).

Company's Original Report, Page 31.

Gross earnings from operation—page 35.....	\$ 17,692,574 38	
Less operating expenses—page 45.....	8,316,219 80	
Income from operation.....		\$ 9,376,354 58
Dividends on stocks owned—page 37.....	\$ 1,259,357 00	
Interest on bonds owned—page 39.....	68,418 50	
Miscellaneous income—less expenses—page 41.....	1,069,886 05	
Income from other sources.....		\$ 2,428,661 55
Deductions from Income:		
Interest on funded debt, accrued—page 23.....	\$ 900,000 00	
Rents paid for lease of road—page 47A.....	4,798,863 27	
Taxes.....	588,384 15	
*Other deductions.....	2,250,000 00	
Total deductions from income.....		\$ 8,238,247 42
Net income.....		\$ 3,571,768 71
Dividends, 6 per cent, preferred stock—page 17.....	\$ 1,500,000 00	
Total.....		1,500,000 00
Surplus from operations of year ending June 30, 1898.....	\$ 2,071,768 71	
Surplus on June 30, 1897, (from "general balance sheet," 1897 report).....		5,457,500 97
		\$ 7,529,269 68
†Deductions for year.....		6,998,619 69
Surplus on June 30 (for entry on "general balance sheet," page 51).....		\$ 530,650 01

* The amount shown in "Other deductions" represents the amounts transferred to "Fund for permanent improvements and renewals" and "Fund for construction of Cascade tunnel," etc.

† In consideration of the transfer of the entire capital stock of the Seattle & Montana Railroad company pro rata to the shareholders of the Great Northern Railway company, the amounts of principal advanced the Seattle & Montana Railroad company from time to time (amounting to \$6,998,619.67) to assist in construction and acquisition of property owned by that company have been written off and charged to Profit and loss.

[GREAT NORTHERN RAILWAY CO.]

EARNINGS FROM OPERATION

STATE OF NORTH DAKOTA.

Company's Original Report, Page 35.

Item	Total Receipts	Actual Earnings
Passenger:		
Passenger revenue.....	\$ 323,025 00	
Total passenger revenue.....		\$ 323,025 00
Total passenger earnings.....		\$ 323,025 00
Freight:		
Freight revenue.....	\$ 162,050 48	
Total freight revenue.....		\$ 162,050 48
Other items.....		1,437 08
Total freight earnings.....		\$ 163,487 56
Total passenger and freight earnings.....		\$ 486,512 65
Other Earnings from Operation:		
Switching charges—balance.....		453 00
Rents from tracks, yards and terminals—page 41.....		135 00
Rents not otherwise provided for.....		5,957 80
Total other earnings.....		6,545 80
Total gross earnings from operation—North Dakota.....		\$ 493,058 54
Total gross earnings from operation—Entire line.....		17,682,574 38

NOTE—This company has abandoned as impracticable and misleading the plan of division of the earnings on interstate traffic between states through which the system runs, and cannot, therefore, give figures purporting to show earnings in North Dakota on such traffic. The figures shown are the earnings derived from business local to the state of North Dakota.

[GREAT NORTHERN RAILWAY CO.]

STOCKS OWNED.

A. RAILWAY STOCKS.

Company's Original Report, Page 37.

Name	Total Par Value	Rate	Income or Dividend Received	Valuation
Eastern railway of Minnesota.....	\$ 5,000,000 00	10	\$ 500,000 00	\$ 5,000,000 00
Montana Central Railway Co.....	5,000,000 00	6	300,000 00	5,000,000 00
Willmar & Sioux Falls Railway Co.....	1,500,000 00	10	150,000 00	1,500,000 00
Duluth, Watertown & Pacific railway.....	730,000 00	.....	.....	730,000 00
Minneapolis Union Railway Co.....	500,000 00	5	25,000 00	500,000 00
St. Paul Union Depot Co.....	43,750 00	6	2,625 00	43,750 00
Minnesota Transfer Railway Co.....	7,000 00	.....	.....	7,000 00
St. Paul, Minneapolis & Manitoba railway	5,800 00	6	356 00	5,800 00
Lake Sup. Ter. & Transfer Railway Co..	15,700 00	.....	.....	15,700 00
(See Note 1, page 36).....	\$ 12,802,050 00	.....	.....	\$ 12,802,050 00
Other Stocks Owned:				
Minneapolis Western Railway Co.....	\$ 250,000 00	.....	.....	\$ 250,000 00
Great Northern Railway Co.....	5,900 00	6	354 00	5,900 00
Butte, Anaconda & Pacific railway.....	490,000 00	6	29,400 00	490,000 00
Oregon railroad & Nav. Co. pfd. stock....	2,391,050 00	4	95,642 00	1,108,491 31
Total.....	\$ 3,136,950 00	.....	\$ 1,103,357 00	\$ 1,854,391 31

B. OTHER STOCKS.

Name	Total Par Value	Rate Per Cent	Income or Dividend Received	Valuation
Northern Steamship Co.....	\$ 1,500,000 00	.....	.....	\$ 1,500,000 00
Sand Coulee Coal Co.....	250,000 00	6	\$ 150,000 00	250,000 00
Climax Coal Co.....	149,000 00	.....	.....	149,000 00
St. Paul Foundry Co.....	75,000 00	8	6,000 00	75,000 00
Fort Benton Bridge Co.....	5,800 00	.....	.....	5,800 00
(See Note 1, page 36).....	\$ 1,979,800 00	.....	.....	\$ 1,979,800 00
Kalispell Furniture Co.....	\$ 5,000 00	.....	.....	\$ 5,000 00
Total.....	\$ 5,000 00	.....	\$ 156,000 00	\$ 5,000 00
Grand total—A and B.....	\$ 3,141,950 00	.....	\$ 1,259,357 00	\$ 1,859,391 31

EXPLANATORY REMARKS.

Company's Original Report, Page 36.

Note 1.—The following stocks were acquired from St. P., M., & M. Ry. as subscription towards the capital stock of this company, same being made for the benefit of St. P., M., & M. Ry. stockholders:

Railway stocks.....	\$ 12,802,050
Other stocks.....	1,979,800

BONDS OWNED.

A. RAILWAY BONDS.

Company's Original Report, Page 39.

Name	Total Par Value	Rate Per Cent	Income or Interest Received	Valuation
Duluth, Watertown & Pacific Railway Co.	\$ 1,375,000 00	....	.....	\$ 1,375,000 00
Minnesota Transfer Railway Co.....	109,000 00	....	\$ 919 20	109,000 00
(See Note 2, page 38).....	\$ 1,484,000 00	....	.....	\$ 1,484,000 00
Other Bonds Owned:				
Minnesota Transfer Railway Co.....	\$ 4,000 00	....	25 30	\$ 4,000 00
Butte, Anaconda & Pacific Railway Co...	1,000,000 00	5	50,000 00	900,000 00
St. Paul, Minneapolis & Mont. Ry. Co.—				
*Pacific extension bonds.....	£ 3,000,000	*	.....	15,000,000 00
Consolidated mortgage.....	554,000 00	4½	.....	554,000 00
Interest on \$197,000.....	.....	.....	8,885 00	.....
Willmar & Sioux Falls railway.....	21,000 00	5	1,050 00	21,000 00
Montana Central Railway Co.....	600,000 00	.....	.....	600,000 00
Interest collected on bonds held and dis- posed during the year.....	.....	.....	4,080 00	.....
Total.....	.....	....	\$ 64,939 50	\$17,079,000 00

* Deposited as surety for collateral trust bonds.

B. OTHER BONDS.

Name	Total Par Value	Rate Per Cent	Income or Interest Received	Valuation
Todd county.....	\$ 9,000 00	5	\$ 450 00	\$ 9,000 00
Town of Hutchinson.....	9,000 00	6	540 00	9,000 00
Town of Minnesota Falls.....	2,000 00	6	120 00	2,000 00
Town of Sandness.....	2,000 00	6	120 00	2,000 00
County of Pipestone.....	30,000 00	6	1,800 00	30,000 00
(See Note 2, page 38).....	\$ 52,000 00	....	.....	\$ 52,000 00
Other Bonds Owned:				
Town of Wadena.....	\$ 7,000 00	*6	210 00	\$ 6,300 00
Town of Leaf River.....	2,000 00	6	120 00	1,800 00
Town of Straight River.....	1,000 00	.....	.....	900 00
Wenatchee Water Power Co.....	15,000 00	6	450 00	15,000 00
Interest collected on bonds redeemed (See Note 1, page 38).....	.....	.....	669 00	.....
Total.....	\$ 25,000 00	....	\$ 4,479 00	\$ 24,000 00
Grand total—A and B.....	.....	....	\$ 69,418 50	\$17,103,000 00

* One-half year.

[GREAT NORTHERN RAILWAY CO.]

EXPLANATORY REMARKS.

Company's Original Report, Page 41.

Note 1.—The following bonds were redeemed during the year:

Todd county.....	\$	4,000
Town of Hutchinson.....		2,000
Town of Breckenridge.....		2,300

Note 2.—The following bonds were acquired from St. P., M. & M. Ry. as subscription towards capital stock of this company, same being made for the benefit of the St. P., M. & M. Ry. stockholders:

Railway bonds.....	\$	1,484,000
Other bonds.....		52,000

RENTALS RECEIVED.

RENTS RECEIVED FROM LEASE OF TRACKS, YARDS AND TERMINALS.

Designation of Property	Situation of Property Leased	Name of Company Using Property Leased	Total
Terminals	St. P. & Mpls. Jct., Minn.	Eastern railway of Minn...	\$ 2,520 10
	Minneapolis, Minn.....	Mpls. & St. Louis railway..	304 13
	St. P. & Mpls., Minn....	Mpls., St. P. & S. S. M.....	4,042 73
	Great Falls, Mont.....	Montana Central railway...	3,600 00
	St. Paul, Minn.....	C., B. & N. railway.....	19,959 82
	Minneapolis Jct., Minn.	Sundry	536 60
Grand total rents received.....			\$ 37,961 18

MISCELLANEOUS INCOME.

Item	Gross Income	Less Expenses	Net Miscellaneous Income
Rent of leased lines.....	\$ 164,416 13
Interest and exchange.....	164,359 47
Bills receivable (land notes).....	15,918 91
Profit on treasury securities sold during year	419,844 50
Rental of equipment and car service.....	58,056 80
Miscellaneous	277,290 24
Total.....	\$ 1,099,896 05

[GREAT NORTHERN RY. CO.]

OPERATING EXPENSES.

Company's Original Report, Pages 43-45.

Item.	Amount
Maintenance of Way and Structures:	
Repairs of roadway	\$ 1,453,976 58
Renewals of rails	57,112 73
Renewals of ties	230,431 81
Repairs and renewals of bridges and culverts	289,667 26
Repairs and renewals of fences, road crossings, signs and cattle guards	19,583 03
Repairs and renewals of buildings and fixtures	131,545 59
Repairs and renewals of decks and wharves	1,725 70
Repairs and renewals of telegraph	23,004 87
Stationery and printing	2,642 84
Other expenses	222 78
Total	\$ 2,209,913 19
Maintenance of Equipment:	
Superintendence	38,615 96
Repairs and renewals of locomotives	479,077 65
Repairs and renewals of passenger cars	138,357 12
Repairs and renewals of freight cars	459,389 64
Repairs and renewals of work cars	47,840 67
Repairs and renewals of marine equipment	16,963 62
Repairs and renewals of shop machinery and tools	2,124 45
Stationery and printing	5,819 84
Total	\$ 1,188,088 95
Conducting Transportation:	
Superintendence	200,074 34
Engine and roundhouse men	782,427 88
Fuel for locomotives	1,384,355 78
Water supply for locomotives	34,146 00
Oil, tallow and waste for locomotives	25,979 23
Other supplies for locomotives	16,655 19
Train service	561,674 45
Train supplies and expenses	120,044 92
Switchmen, flagmen and watchmen	182,418 49
Telegraph expenses	160,783 20
Station service	341,675 02
Station supplies	30,226 11
Switching charges—Balance	11,306 40
Car mileage—Balance	2,054 46
Hire of equipment—Balance	3,167 46
Loss and damage	113,486 51
Injuries to persons	81,438 53
Clearing wrecks	24,214 42
Advertising	36,064 98
Outside agencies	197,117 90
Commissions	53,604 43
Rents for tracks, yards and terminals—Page 47B	185,014 44
Rents of buildings and other property	4,224 56
Stationery and printing	28,155 84
Other expenses	7,737 35
Total	\$ 4,558,047 89
General Expenses:	
Salaries of general officers	79,795 79
Salaries of clerks and attendants	121,787 23
General office expenses and supplies	24,261 31
Insurance	40,905 82
Law expenses	49,535 94
Stationery and printing (general offices)	17,054 85
Other expenses	26,828 83
Total	\$ 360,169 77

[GREAT NORTHERN RY. CO.]

OPERATING EXPENSES—Continued.

Company's Original Report, Pages 43-45.

Item	Amount
Recapitulation of Expenses:	
Maintenance of way and structures.....	2,209,913 19
Maintenance of equipment.....	1,188,088 95
Conducting transportation.....	4,558,047 89
General expenses.....	360,169 77
Grand Total.....	\$ 8,316,219 80
Percentage of expenses to earnings—Entire line, 44.49 per cent.	
Operating expenses—State of North Dakota:	
Maintenance of way and structures.....	\$ 447,007 84
Maintenance of equipment.....	287,358 55
Conducting transportation.....	910,452 31
General expenses.....	82,018 21
Total.....	1,736,836 91

[GREAT NORTHERN RY. CO.]

RENTALS PAID.

A. RENTS PAID FOR LEASE OF ROAD.

Company's Original Report, Page 47.

Name of Road	Interest on Bonds Guaranteed	Dividends on Stock Guaranteed	Cash	Total
St. P., Mpls. & Man. Ry.	\$ 3,499,940 12	\$ 1,200,000 00	\$ 6,773 15	\$ 4,706,713 27
Seattle & Montana Railway..	.....	.....	75,000 00	75,000 00
Spokane & Seattle Railway..	.....	.....	14,400 00	14,400 00
Oregon Railroad & Nav. Co..	.....	.....	750 00	750 00
Total rents—A.....	\$ 3,499,940 12	\$ 1,200,000 00	\$ 96,923 15	\$ 4,796,963 27

B. RENTS PAID FOR LEASE OF TRACKS, YARDS AND TERMINALS.

Designation of Property	Situation of Property Leased	Name of Company Owning Property Leased	Total
Tracks.....	Seattle	Seattle & International.....	\$ 1,474 80
	Lowell to Everett Jc.	Everett & Monte Cristo Ry....	9,128 20
Total			\$ 10,603 00
Terminals	Minneapolis, Minn.	Minneapolis Union Railway..	\$ 70,283 23
	St. Paul, "	St. Paul Union Depot Co.....	18,617 27
	Minnesota Transfer	Minnesota Transfer Railway..	39,835 08
	Spokane, Wash.	Spokane Union Depot Co.....	39,553 61
	Seattle, "	Arlington Dock company.....	6,122 25
Total			\$ 174,411 44
Grand total rents-B			\$ 185,014 44

[GREAT NORTHERN RY. CO.]
COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 49.

June 30, 1897		Assets		June 30, 1898		Year Ending June 30, 1898	
Item	Total			Item	Total	Increase	Decrease
\$15,357,987 35	\$	Cost of properties and securities—page 29A.....	\$15,274,417 81	\$	\$	\$	\$ 83,519 54
3,270,850 13	.....	Cost of equipment—page 29B.....	3,909,986 31	.....	560,016 02	.....	.....
1,854,441 31	.....	Stocks owned—page 37.....	839,301 31	.....	4,950 00	.....	.....
18,116,600 00	.....	Bonds owned—page 38.....	17,103,000 00	.....	987,000 00	.....	.....
2,293,082 69	.....	Other permanent investments.....	3,169,953 04	.....	906,870 35	.....	.....
544,600 63	.....	Additions and improvements to St. Paul, Minne- apolis & Manitoba Railway.....	.....	.....	.....	.....	.....
10,530,271 54	.....	Advances account construction.....	3,181,437 26	.....	.....	.....	544,800 64
.....	49,916,193 66	Cost of additions and improvements made by Gt. Nor. Ry. to property of St. P., M. & M. Ky. and paid for from fund for permanent improve- ments and renewals.....	.....	.....	.....	.....	7,343,834 28
.....	.....	Cash and current assets—page 23.....	.....	.....	1,489,533 06	.....	.....
.....	3,621,607 77	Materials and supplies.....	.....	.....	4,483,066 11	.....	.....
.....	903,607 41	.....	.....	.....	883,448 34	.....	.....
.....	.....	Grand Total.....	.....	.....	276,585 99	.....	.....
.....	\$ 54,411,198 84			\$ 51,554,648 11		\$ 2,856,550 70	

[GREAT NORTHERN RAILWAY CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 51.

June 30, 1887		Liabilities	June 30, 1888		Year Ending June 30, 1888	
Item	Total		Item	Total	Increase	Decrease
.....	25,000,000 00	Capital stock—Page 17.....	.....	\$ 25,000,000 00	.....
.....	15,000,000 00	Funded debt—Page 23.....	.....	15,000,000 00	.....
.....	4,422,166 30	Current liabilities—Page 23.....	.....	2,880,788 01	.....	\$ 1,591,430 23
.....	200,000 00	Accrued interest on funded debt not yet payable.....	.....	200,000 00	.....
.....	271,167 05	Accrued taxes not yet payable.....	.....	314,789 74	43,632 69	
.....	403,116 67	Accrued rental not yet payable.....	.....	403,116 67		
.....		Cost of additions and improvements made by G. N. Ry. Co. to property of St. P., M. & M. Ry. Co. and paid for from fund for permanent improvements and renewals.....	.....	1,489,533 06	1,489,533 06	
.....	775,000 00	Unexpended balance fund for permanent improvements and renewals.....	.....	1,610,466 94	835,466 94	
.....	223,237 64	Fund for replacement of equipment.....	.....	812,543 64	89,606 00	
.....	50,202 42	Insurance fund.....	.....	321,255 81	271,053 39	
.....	2,638,907 79	Surplus funds of proprietary companies.....	.....	3,541,246 26	902,438 47	
.....	5,457,500 97	Profit and loss—page 31 (or 33).....	.....	530,650 01	.....	4,926,850 96
.....		Grand Total.....	.....	\$ 51,554,648 14	.....	\$ 2,886,550 70

[GREAT NORTHERN RAILWAY CO.]

IMPORTANT CHANGES DURING THE YEAR.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 53.

1. All extensions of road put in operation.
2. Decrease in mileage by line abandoned or line straightened.
3. All other important physical changes.
4. All leases taken or surrendered.
5. All consolidations or reorganizations effected.
6. All new stocks issued.
7. All new bonds issued.
8. All other important financial changes.

	Miles
1. Line—Langdon to Hannah.....	21.08
Cavalier to Walhalla.....	18.13
Extension of Breckenridge and Larimore line at Larimore.....	.05
2, 3, 4, 5, 6 and 7. None.	
8. St. Paul, Minneapolis & Manitoba railway consolidated mortgage bonds acquired.....	\$ 488,000
Montana Central railway first mortgage bonds acquired.....	600,000
Minnesota Transfer railway bond acquired.....	1,000
St. Paul, Minneapolis & Manitoba railway Montana extension bonds sold....	102,000

CONTRACTS, AGREEMENTS, ETC.

AFFECTING BUSINESS WITHIN STATE OF NORTH DAKOTA.

Company's Original Report, Page 55.

Here give a concise statement of all existing contracts, agreements, arrangements, etc., with other companies or persons, concerning the transportation of freight or passengers. Give the statement in the following order, viz:

1. Express companies.
2. Mails.
3. Sleeping, parlor or dining car companies.
4. Freight or transportation companies or lines.
5. Other railroad companies.
6. Steamboat or steamship companies.
7. Telegraph companies.
8. Telephone companies.
9. Other contracts.

1. Contract with the Great Northern Express Co., whereby they do all express business on line operated by this company. The railway company receives percentage of earnings.
2. Mail routes established by the United States government as provided by law.
3. This company operates its own sleeping and dining cars.
- 4, 5, 6, 7, 8 and 9. None.

SECURITY FOR FUNDED DEBT

Company's Original Report, Page 57.

Class of Bonds or Obligation	What Road Mortgaged			Amount of Mortgage Per Mile of Line
	From	To	Miles	
Collateral trust bonds.....	These bonds are secured by the mortgage and pledge of the St. Paul, Minneapolis & Manitoba Ry. Co.'s Pacific extension bonds to the amount of £3,000,000 principal—See page 39.			

[GREAT NORTHERN RAILWAY CO.]

EMPLOYES AND SALARIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 59.

Class	Num- ber	Total Number of Days Worked	Total Yearly Com- pensation	Average Daily Compen- sation
Other officers.....	2	741	\$ 5,982 08	\$ 8 07
Station agents.....	116	36,800	82,192 97	1 69
Other station men.....	19	14,454	20,324 71	1 42
Enginemen.....	96	23,988	94,591 25	3 96
Firemen.....	104	21,068	54,870 08	2 28
Conductors.....	64	19,445	61,058 44	3 14
Other trainmen.....	133	36,405	73,538 28	2 02
Machinists.....	11	2,506	7,219 75	2 88
Carpenters.....	42	18,916	44,453 02	2 35
Other shopmen.....	127	26,225	43,008 07	1 64
Section foremen.....	180	55,151	79,417 22	1 44
Other trackmen.....	1,580	296,464	370,579 32	1 25
Switchmen, flagmen and watchmen.....	24	4,831	9,179 39	1 90
Telegraph operators and dispatchers.....	52	11,607	25,062 84	2 16
All other employees and laborers.....	198	46,655	79,314 08	1 70
Total (including "general officers")— North Dakota.....	2,748	618,254	\$ 1,031,392 50	\$ 1 67
Total (excluding "general officers")— North Dakota.....	2,748	618,254	\$ 1,031,392 50	\$ 1 67
Distribution of Above:				
General administration.....	2	741	5,982 08	8 07
Maintenance of way and structures.....	1,802	370,531	494,449 56	1 33
Maintenance of equipment.....	138	28,731	50,228 82	1 75
Conducting transportation.....	806	218,251	480,732 01	2 20
Total (including "general officers")— North Dakota.....	2,748	618,254	\$ 1,031,392 50	\$ 1 67
Total (excluding "general officers")— North Dakota.....	2,748	618,254	\$ 1,031,392 50	\$ 1 67
Total (including "general officers")— Entire Line.....	14,649	3,247,374	5,928,066 94	1 83

[GREAT NORTHERN RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	308,724	
Number of passengers carried one mile.....	10,437,940	
Number of passengers carried one mile per mile of road.....	9,407	
Average distance carried.....	33.81	
Total passenger revenue—Page 35.....		\$ 323,025.09
Average amount received from each passenger....		1.04632
Average receipts per passenger per mile.....		.03095
Total passenger earnings—Page 35.....		
Passenger earnings per mile of road.....		
Passenger earnings per train mile.....		
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	69,863	
Number of tons carried one mile.....	5,664,060	
Number of tons carried one mile per mile of road..	5,106	
Average distance haul of one ton.....	81.18	
Total freight revenue—Page 35.....		162,650.48
Average amount received for each ton of freight...		2.31955
Average receipts per ton per mile.....		.02861
Total freight earnings—Page 35.....		
Freight earnings per mile of road.....		
Freight earnings per train mile.....		
Passenger and freight:		
Passenger and freight revenue—Page 35.....		485,075.57
Passenger and freight revenue per mile of road....		437.17
Passenger and freight earnings—Page 35.....		
Passenger and freight earnings per mile of road....		
Gross earnings from operation—Page 35.....		
Gross earnings from operation per mile of road....		
Gross earnings from operation per train mile.....		
Operating expenses—Page 45.....		1,736,836.91
Operating expenses per mile of road.....		1,565.32
Operating expenses per train mile.....		.98551
Income from operation—Page 31.....		
Income from operation per mile of road.....		
Train Mileage:		
Miles run by passenger trains.....	700,469	
Miles run by freight trains.....	948,939	
Miles run by mixed trains.....	207,159	
Total mileage trains earning revenue.....	1,856,567	
Miles run by switching trains.....		
Miles run by construction and other trains.....	187,352	
Grand Total Train Mileage.....		
Mileage of loaded freight cars—North or east.....	13,905,637	
Mileage of loaded freight cars—South or west.....	9,902,711	
Mileage of empty freight cars—North or east.....	1,515,989	
Mileage of empty freight cars—South or west.....	5,297,372	
Average number of freight cars in train.....	26.49	
Average number of loaded cars in train.....	20.60	
Average number of empty cars in train.....	5.89	
Average number of tons of freight in train.....		
Average number of tons of freight in each loaded car.....		

NOTE.—The figures shown above are based upon business local to the state of North Dakota only, and include no interstate business for reasons given on page 34. The average miles operated during the year was 1,109.57.

[GREAT NORTHERN RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

ENTIRE LINE.

Company's Original Report, Page 61.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	1,421,056	
Number of passengers carried one mile.....	130,607,889	
Number of passengers carried one mile per mile of road.....	33,887	
Average distance carried.....	91.91	
Total passenger revenue—Page 35.....		2,785,601.59
Average amount received from each passenger....		1.86023
Average receipts per passenger per mile.....		.02133
Total passenger earnings—Page 35.....		3,589,412.42
Passenger earnings per mile of road.....		931.29
Passenger earnings per train mile.....		1.23967
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	3,802,359	
Number of tons carried one mile.....	1,397,420,285	
Number of tons carried one mile per mile of road...	362,569	
Average distance haul of one ton.....	367.52	
Total freight revenue—Page 35.....		13,774,831.74
Average amount received for each ton of freight...		3.62280
Average receipts per ton per mile.....		.00986
Total freight earnings—Page 35.....		13,782,944.87
Freight earnings per mile of road.....		3,578.07
Freight earnings per train mile.....		2.96633
Passenger and Freight:		
Passenger and freight revenue—Page 35.....		16,560,433.33
Passenger and freight revenue per mile of road....		4,296.70
Passenger and freight earnings—Page 35.....		17,372,357.29
Passenger and freight earnings per mile of road...		4,507.36
Gross earnings from operation—Page 35.....		17,692,574.38
Gross earnings from operation per mile of road....		4,590.44
Gross earnings from operation per train mile.....		2,345.90
Operating expenses—Page 45.....		8,316,219.80
Operating expenses per mile of road.....		2,157.69
Operating expenses per train mile.....		1.10267
Income from operation—Page 31.....		9,376,354.58
Income from operation per mile of road.....		2,432.75
Train Mileage:		
Miles run by passenger trains.....	2,759,591	
Miles run by freight trains.....	4,238,886	
Miles run by mixed trains.....	543,432	
Total mileage trains earning revenue.....	7,541,909	
Miles run by switching trains.....	922,730	
Miles run by construction and other trains.....	687,588	
Grand Total Train Mileage.....		
Mileage of loaded freight cars—East.....	59,317,050	
Mileage of loaded freight cars—West.....	45,179,963	
Mileage of empty freight cars—East.....	6,109,003	
Mileage of empty freight cars—West.....	21,346,345	
Average number of freight cars in train.....	27.59	
Average number of loaded cars in train.....	21.85	
Average number of empty cars in train.....	5.74	
Average number of tons of freight in train.....	292.21	
Average number of tons of freight in each loaded car.....	13.38	

NOTE.—The average miles operated during the year was 3,854.22. An allowance of 75 miles for day of 12 hours is allowed for switching trains. The mileage shown for such trains include that upon the W. & S. F. Ry. and D. W. & P. Ry.

[GREAT NORTHERN RAILWAY CO.]

DESCRIPTION OF EQUIPMENT.

Company's Original Report, Page 65.

Item	Number Added During Year	Total Number at End of Year	Equipment Fitted with Train Brake		Equipment Fitted with Automatic Coupler	
			Number	Name	Number	Name
Locomotives—Owned and Leased:						
Passenger.....	1	107	{ 71 32	Westinghouse..		
Freight.....	9	251	{ 24 173	New York Air..		
Switching.....	2	39	{ 3 4	New York Air..		
			{ 8 3	Steam		
			{ 3	Eames Vacuum.		
Total locomotives in service...	6	397	318			
Cars—Owned and Leased:						
In Passenger Service:						
First-class cars....	2	127	{ 99 17	Westinghouse..	116	....Standard Vertical Plane
Combination cars....		24	{ 23 6	New York Air..	23	....Standard Vertical Plane
Dining cars.....		12	{ 6 6	Westinghouse..	12	....Standard Vertical Plane
Sleeping cars.....		46	{ 40 6	New York Air..	46	....Standard Vertical Plane
Baggage, express and postal cars..		88	{ 62 26	Westinghouse..	85	....Standard Vertical Plane
Other cars in passenger service....	7	8	{ 33 8	New York Air..	8	....Standard Vertical Plane
Total.....	9	305	290		290	
In Freight Service:						
Box cars.....	691	9,258	6,378	New York Air..	{ 455 361	Hein
					{ 5,924	Chicago
Flat cars and coal.....	6	1,572	780	New York Air..	{ 80 679	Standard
					{ 110	Chicago
						Hein

Stock cars.....	477	14	New York Air..	9	Chicago
Sand Cars.....	190	190	New York Air..	4	Standard
Refrigerator cars.....	46	148	New York Air..	190	Hein
Other cars in freight service.....	1,158	1,150	New York Air..	3	Trojan
Total.....	921	8,680		129	Chicago
In Company's Service:				13	Standard
Officers' and pay cars.....	5	5	Westinghouse..	21	Hein
Ballast cars.....		364	New York Air..	1,075	Chicago
Derrick and tool cars.....		38		2	Standard
Caboose cars.....	11	1	Westinghouse..		Hein
Other road cars.....	37	2	New York Air..		Chicago
Boarding cars.....		40			Standard
Total.....	53	802			Standard
Total cars in service.....	983	13,911			Standard
Less cars owned and leased.....	983	13,911			

EXPLANATORY REMARKS.

Note.—The equipment listed on page 45 is leased from the St. Paul, Minneapolis & Manitoba railway, with the exception of the following, which are owned by this company:

Locomotives:	22	Refrigerator cars.....	92
Passenger	78	Sand cars.....	190
Freight.....	100	Other cars.....	768
Total.....	100	Total.....	2,852
Cars in Passenger Service:		Cars in Company's Service:	
Sleeping cars.....	10	Official cars.....	6
Dining cars.....	6	Ballast cars.....	390
Baggage, mail and express cars.....	20	Derrick and tool cars.....	9
Other cars.....	8	Caboose cars.....	49
Total.....	44	Boarding cars.....	16
Cars in Freight Service:		Other cars.....	67
Box cars.....	1,788	Total.....	497

[GREAT NORTHERN RY. CO.]

FREIGHT TRAFFIC MOVEMENT.

ENTIRE LINE.

(Company's Material Excluded.)

Company's Original Report, Page 63.

Commodity	Freight Originat- ing on This Road	Freight Received from Con- necting Roads and Other Carriers	Total Freight Tonnage	
	Whole Tons	Whole Tons	Whole Tons	Per Cent
Products of Agriculture:				
Grain.....			1,761,135	46.09
Flour.....			71,852	1.86
Other mill products.....			50,267	1.32
Hay.....			22,547	0.59
Fruit and vegetables.....			56,543	1.43
Other agricultural products.....			72,119	1.83
Products of Animals:				
Live stock.....			133,250	3.49
Dressed meats.....			2,878	0.08
Other packing-house products.....			10,355	0.23
Poultry, game and fish.....			847	0.02
Wool.....			9,194	0.24
Hides and leather.....			3,126	0.09
Products of Mines:				
Anthracite coal.....			68,034	1.78
Bituminous coal.....			97,729	2.56
Coke.....			24,284	0.63
Ores.....			30,846	0.81
Stone, sand and other like articles.....			23,763	0.62
Products of Forest:				
Lumber.....			422,580	11.06
Other products of forest.....			315,645	8.26
Manufactures:				
Petroleum and other oils.....			22,005	0.58
Iron, pig and bloom.....			6,829	0.18
Iron and steel rails.....			15,306	0.40
Other castings and machinery.....			41,704	1.09
Bar and sheet metal.....			122,478	3.21
Cement, brick and lime.....			53,435	1.39
Agricultural implements.....			27,808	0.73
Wagons, carriages, tools, etc.....			9,809	0.26
Wines, liquors and beers.....			25,659	0.67
Household goods and furniture.....			11,624	0.30
Other manufactures.....			39,797	1.04
Merchandise.....			139,563	3.65
Miscellaneous:				
Other commodities not mentioned above.....			128,284	3.36
Total Tonnage—Entire Line.....			3,820,795	100.00

NOTE.—Cannot give the freight traffic movements for state of North Dakota, therefore, report for entire line is given. The figures shown include the freight movement over the Willmar & Sioux Falls Railway and Duluth, Watertown & Pacific Railway. Cannot give freight originating upon this road and that received from other carriers.

[GREAT NORTHERN RY. CO.]

MILEAGE.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	3,813.90	.....	46.05	3,859.95	34.03	131.11	3,682.79
Miles of second track.....	27.52	.....	.....	27.52	.....	.....	27.52
Miles of third track.....	9.28	.....	.....	9.28	.....	.....	9.28
Miles of fourth track.....	523.11	.....	.....	523.11	18.90	*523.11	9.29
Miles of yard track and sidings
Miles of fifth track.....	2.32	.....	.....	2.32	.....	.....	2.32
Miles of sixth track.....	1.44	.....	.....	1.44	.....	.....	1.44
Total mileage operated (all tracks).....	4,386.86	.....	46.05	4,432.91	52.93	*523.11 131.11	3,732.64

* Iron and steel.

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK.)

State or Territory	Line Represented by Capital Stock		Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs						Iron	Steel
Minnesota.....	1,350.93	.....	.....	1,350.93	3.38	71.02	1,289.91
North Dakota.....	1,116.15	.....	.....	1,116.15	37.24	60.09	1,056.06
South Dakota.....	99.25	.....	.....	99.25	.....	.....	99.25
Montana.....	802.07	.....	.....	802.07	.10	.....	802.07
Idaho.....	82.70	.....	.....	82.70	.....	.....	82.70
Washington.....	352.80	.....	46.05	398.85	.07	.....	352.80
Total mileage operated (single track).....	3,813.90	.....	46.05	3,859.95	34.03	131.11	3,682.79

[GREAT NORTHERN RY. CO.]

MILEAGE—STATE OF NORTH DAKOTA.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	1,116.15	.....	.....	1,116.15	37.24	60.09	1,056.06
Miles of yard track and sidings.....	122.85	.....	.....	122.85	.25	*122.85	.....
Total mileage operated (all tracks).....	1,239.00	.....	.....	1,239.00	37.49	*122.85	1,056.06

* Iron and steel.

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK.)

State or Territory	Line Represented by Capital Stock		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
North Dakota.....	1,116.15	.....	.....	1,116.15	37.24	60.09	1,056.06
Total mileage operated (single track).....	1,116.15	.....	.....	1,116.15	.....	60.09	1,056.06

[GREAT NORTHERN RAILWAY CO.]
RENEWALS OF RAILS AND TIES.
 STATE OF NORTH DAKOTA.

Company's Original Report, Page 60.

New Rails Laid During Year			New Ties Laid During Year		
Kind	Tons	Weight Per Yard—Pounds	Average Price Per Ton at Distributing Points	Kind	Number
Steel.....	4,671.1877 2,1413 3,480	75 68 60	..... ..... .....	Hard..... Pine, tamarack and cedar..... Other.....	19,302 150,473 9,065
Total steel.....	4,677.153	.....	\$ 19 18	Total.....	179,040
					Average Price at Distributing Point \$ 0.358 .318 .518 .332

CONSUMPTION OF FUEL BY LOCOMOTIVES.

ENTIRE LINE—Includes also W. & S. F. Ry. and D., W. & P. Ry.

Locomotives	Coal—Tons		Wood—Cords		Total Fuel Consumed—Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....	114,707	2,540	.....	116,400.34	3,054,590	76.21
Freight.....	418,350	6,897	.....	420,948.00	6,602,590	127.51
Switching.....	29,064	914	.....	29,673.33	933,560	63.57
Total.....	560,121	10,351	.....	587,021.67	10,590,740	107.08
Average cost at distributing point.....	\$ 2 64	\$ 1 34	.....	\$ 2 64		

NOTE.—Cannot give the consumption of fuel by locomotives for state of North Dakota; therefore, report for entire road is given. The figures shown include fuel consumed on the Willmar & Sioux Falls and Duluth, Watertown & Pacific Railway. Fuel consumed by locomotives in construction service is included with that for freight, as locomotives of that class were used temporarily for construction work, but no record was kept of fuel consumed while so diverted.

[GREAT NORTHERN RY. CO.]

ACCIDENTS TO PERSONS.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 71.

Kind of Accident	Employees							
	Trainmen		Switchmen, Flagmen and Watchmen		Other Employees		Total	
	Killed	In- jured	Killed	In- jured	Killed	In- jured	Killed	In- jured
Coupling and uncoupling..	1	3	.....	.....	.....	.....	1	3
Falling from trains and engines.....	.....	1	.....	.....	.....	.....	.....	1
Derailments.....	1	1	.....	.....	.....	.....	1	1
At stations.....	.....	.....	.....	.....	.....	1	.....	1
Other causes.....	1	2	.....	.....	3	5	4	7
Total.....	3	7	.....	.....	3	6	6	13

Kind of Accident	Others							
	Passengers		Trespassing		Not Trespassing		Total	
	Killed	In- jured	Killed	In- jured	Killed	In- jured	Killed	In- jured
Other causes.....	2	7	.....	.....	2	7
Total.....	2	7	.....	.....	2	7

[GREAT NORTHERN RAILWAY CO.]

EXPLANATORY REMARKS.

LIST OF ACCIDENTS IN NORTH DAKOTA.

JULY 1, 1897, TO JUNE 30, 1898.

Company's Original Report, Page 70.

Date	Name and Occupation	Place	Cause and Responsibility
Sept. 15.....	Employees killed — Jas. Sullivan, brakeman.....	Pleasant Lake....	Went back to flag train; fell asleep on track and was struck by train and killed.
Oct. 7.....	Trainmen injured — James Byrnes, brakeman.....	Grand Harbor....	Shoulder dislocated in trying to board moving train.
Jan. 25.....	P. J. Maurer, engineer.....	Grand Forks.....	Getting on moving train, he fell, dislocating his shoulder.
Oct. 27.....	Other employees killed — Charles Gates, coal chute man.....	Devils Lake.....	Put his arm through wheel of engine to start same; it started suddenly and pulled him in; instantly killed.
June 3.....	C. Hertlisy, eng. steam shovel.....	Williston.....	Working with steam shovel, bank caved in and he was killed.
June 8.....	T. Flannery, cranesman.....	Williston.....	Same accident as preceding.
July 24.....	Other employees injured — James McKenzie, sec. foreman.....	Park River.....	Step of ladder on water tank broke and he fell to ground, fracturing rib.
Aug. 17.....	Vincenzo Zarlenko, laborer.....	Berwick.....	Fell from hand car and had collar bone fractured.
Sept. 21.....	Joe Sims, laborer.....	Berwick.....	Jumped from hand car to avoid a collision; car ran over him, fracturing two ribs.
Nov. 4.....	Knute Fietlund, laborer.....	Elton.....	Walking on track, fell and fractured his arm.
April 15.....	Anton Myrland, laborer.....	Golesburg.....	Taking out rails; one sprung up and bit him, fracturing his leg.
Sept. 3.....	Trespassers killed — — Kilday.....	Amenia.....	Trying to get on train to steal a ride, fell under wheels and was killed.
June 6.....	Charles Locker.....	Ojata.....	Found dead on track.
Aug. 16.....	Trespassers injured — Louis Goetsch.....	Grand Forks.....	Trying to get on moving train, fell and broke his arm.
Aug. 16.....	Charles Benson.....	Langdon.....	Sitting in box car, some ties fell and mangled his foot.
Sept. 20.....	Joseph Stanley.....	Kelso.....	Stealing a ride, in some manner had his leg broken.
Sept. 24.....	C. W. Campbell.....	Milton.....	Stealing a ride, fell and had his foot crushed.
Dec. 7.....	Lee Platt.....	Grand Forks.....	Jumped from a bridge and fractured his leg.
April 29.....	John Williams.....	Devils Lake.....	Got into a car loaded with horses; they trampled on him, fracturing his shoulder blade and several ribs.
June 30.....	Edward Roach.....	Lakota.....	Tramp stealing a ride, had his foot crushed between draw bars.

[GREAT NORTHERN RY. CO.]

CAR MILEAGE.

STATEMENT SHOWING AMOUNTS PAID TO DIFFERENT CAR COMPANIES DURING THE YEAR ENDING JUNE 30, 1886.

Company's Original Report, Page 77.

Private Car Company	Class	At 6-10 Cent	At $\frac{1}{2}$ Cent	At 1 Cent	Total
American Refrigerator Transit company.....	refrigerator.....	\$	\$	.....	\$
American Tank line.....	tank.....	41 24	271 38	.....	271 38
Armour Car lines.....	box, stock & refr	51 11	.....	485 06	41 24
American Cereal Co. Despatch.....	box.....	129 08	912 31	.....	1,448 48
Arms Palace Horse Car company.....	stock.....	77 47	.....	.....	129 08
Anglo-American Refrigerator company.....	box & refr.....	3 09	.....	212 67	77 47
American Live Stock Transportation company.....	stock.....	15 53	.....	.....	215 76
American Brewing Refrigerator company.....	refrigerator.....	.....	.....	54 05	15 53
Automatic Refrigerator Car company.....	box.....	21 32	2 00	.....	54 05
Brill, J. G., & Co.....	refrigerator.....	.....	3 11	.....	2 00
Banner Refrigerator line.....	stock.....	21 07	.....	.....	21 32
Burton Stock Car company.....	refrigerator.....	.....	142 32	.....	3 11
California Fruit Transportation company.....	refrigerator.....	.....	.....	552 50	142 32
Cadally Refrigerator line.....	refrigerator.....	.....	146 53	.....	552 50
C. N. Y. & B. Transportation company.....	stock.....	46,598 42	.....	.....	146 53
Canda Cattle Car company.....	box.....	1,507 64	.....	.....	46,598 42
Commerce Despatch line.....	refrigerator.....	.....	280 32	.....	1,507 64
Continental Fruit express.....	tank.....	.....	38 60	.....	280 32
Cold Blast Transportation company.....	refrigerator.....	.....	.....	.....	38 60
Chapple Chemical company.....	tank.....	96 56	.....	.....	96 56
Craig Oil company.....	box.....	9 30	.....	.....	9 30
Cupples, Samuel W. W. company.....	refrigerator.....	25 65	.....	.....	25 65
Cedar Rapids Refrigerator express.....	refrigerator.....	.....	43 53	.....	25 65
Cudahy Milwaukee Refrigerator line.....	tank.....	.....	.....	172 84	43 53
Crystal Tank line.....	box.....	2 42	.....	.....	172 84
Central Equipment company.....	refrigerator.....	1 90	.....	.....	2 42
Chicago Refrigerator Car company.....	tank.....	2 42	.....	.....	1 90
Continental.....	refrigerator.....	.....	15 28	.....	2 42
Dairy Dealers' Despatch.....	refrigerator.....	.....	20 01	.....	15 28
Dold Packing company.....	refrigerator.....	.....	.....	231 88	20 01
Eastman Car company.....	tank.....	.....	.....	.....	231 88
Globe Tank company.....	box.....	5 86	.....	.....	5 86
Hammond Refrigerator line.....	refrigerator.....	7 17	.....	500 77	7 17
Havens, C. B., & Co.....	refrigerator.....	.....	2 61	.....	500 77
Inter-State Van, Refrigerator line.....	box.....	.....	.....	.....	2 61
Johnson, F. C.....	refrigerator.....	12 86	.....	.....	12 86

Kansas City Refrigerator Car line.....	refrigerator.....	311 99	.....	.....	311 99
Keystone P. H. Car company.....	box.....	7 76	.....	.....	7 76
Kansas Manufacturers' Dispatch.....	refrigerator.....	9 36	.....	.....	9 36
Kansas City Dressed Beef line.....	refrigerator.....	821 07	.....	821 07	821 07
Lipton Refrigerator Car line.....	box.....	67 23	.....	.....	67 23
Laurel Hill Car & Coal company.....	refrigerator.....	66	.....	.....	66
Minneapolis Stock Yards & Provision company.....	stock.....	79	.....	.....	79
Mather Horse & Stock Car company.....	refrigerator.....	168 07	.....	.....	168 07
Morris & Co.....	stock.....	16 10	.....	.....	16 10
New England Car company.....	box.....	13 78	.....	.....	13 78
National Rolling Stock company.....	box.....	60 47	.....	.....	60 47
North & South Stock company.....	box.....	16 08	.....	.....	16 08
New York Dispatch Refrigerator line.....	refrigerator.....	14 02	.....	.....	14 02
Omaha Packing company.....	refrigerator.....	26 75	.....	.....	26 75
Peavey Grain line.....	box.....	2 15	.....	.....	2 15
Provision Dealers' Dispatch.....	box.....	22 07	.....	.....	22 07
Peerless Transit company.....	tank.....	3 68	.....	.....	3 68
Pullman's Palace Car company.....	flat.....	12 86	.....	.....	12 86
Southern Freight line.....	box.....	2 95	.....	.....	2 95
Shippers' Refrigerator Car company.....	refrigerator.....	12 47	.....	.....	12 47
Santa Fe Refrigerator line.....	refrigerator.....	19 33	.....	.....	19 33
St. Charles Refrigerator Dispatch.....	refrigerator.....	111 57	.....	.....	111 57
Street's Stable Car company.....	stock.....	4,824 19	.....	2,040 26	4,824 19
St. Louis Refrigerator Car company.....	refrigerator.....	.....	.....	64 96	64 96
St. Paul Refrigerator line.....	refrigerator.....	.....	.....	1,397 69	1,397 69
Swift Refrigerator line.....	refrigerator.....	.....	.....	7,717 13	7,717 13
Union Refrigerator Transportation company.....	tank.....	6,009 75	.....	.....	6,009 75
Union Tank line.....	refrigerator.....	386 66	.....	.....	386 66
Western Refrigerator line.....	refrigerator.....	13 77	.....	.....	13 77
Western Refrigerator Transportation company.....	refrigerator.....	.....	.....	.....	.....
Venice Transportation company.....	box.....	81 23	.....	.....	81 23
Total.....	Total.....	\$ 53,858 09	\$ 9,374 57	\$ 14,259 90	\$ 77,492 56

OATH.

Company's Original Report, Page 79.

STATE OF MINNESOTA, }
COUNTY OF RAMSEY. } ss.

We, the undersigned, W. P. Clough, vice president, and Robert I. Farrington, comptroller of the Great Northern Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

W. P. CLOUGH, Vice President.

ROBT. I. FARRINGTON, Comptroller.

Subscribed and sworn to before me this 22nd day of October, 1898.

{SEAL}.

MAGNUS LUNDBERG, Notary Public,

Ramsey County, Minnesota.

ANNUAL REPORT
OF THE
CHICAGO AND NORTH WESTERN
RAILWAY COMPANY

TO THE
RAILROAD COMMISSION OF THE STATE OF NORTH DAKOTA FOR
THE YEAR ENDING JUNE 30, 1898.

HISTORY.

Name of common carrier making this report? Chicago & North Western Railway company.

Date of organization? June 1, 1859.

Under laws of what government, state or territory organized? If more than one, name all; give reference to each statute and all amendments thereof. Organized under act of Illinois Legislature, approved February 19, 1859, and under act of Wisconsin Legislature, approved March 14, 1859. Certificate made June 6, 1859.

If a consolidated company, name the constituent companies. Give reference to charters of each and all amendments of same.

[C. & N. W. RY. CO.]

HISTORY—Continued.

Company's Original Report, Page 3.

OTHER COMPANIES HAVE BEEN CONSOLIDATED WITH THE CHICAGO
NORTH WESTERN RAILWAY COMPANY, AS FOLLOWS:

Name of Company	State	Charter or Organization Under General Laws
Dixon, Rockford & Kenosha Railway company.....	Illinois and Wis.	Organized Jan. 16, 1864
Galena & Chicago Union Railroad company.....	Illinois.....	Chartered by act of Ill. Jan. 16, 1836
		Amended by act of Ill. Mch. 4, 1837
		Amended by act of Ill. Feb. 24, 1847
		Amended by act of Ill. Feb. 11, 1853
		Amended by act of Ill. Feb. 25, 1854
		Amended by act of Ill. Feb. 15, 1855
Peninsular Railroad company...	Michigan.....	Organized Feb. 8, 1862
Beloit & Madison Railroad company.....	Wisconsin.....	Chartered by act of Wis. Feb. 18, 1852
Baraboo Air Line Railroad company.....	Wisconsin.....	Chartered by act of Wis. Mch. 8, 1870
		Amended by act of Wis. Jan. 31, 1871
La Crosse, Trempealeau & Prescott Railroad company.....	Wisconsin.....	Chartered by act of Wis. Mch. 8, 1857
		Amended by act of Wis. April 4, 1864
Menominee River Railroad company.....	Michigan.....	Organized Feb. 9, 1875
Escanaba & Lake Superior Railway company.....	Michigan.....	Organized Nov. 20, 1850
Elgin & State Line Railroad company.....	Illinois.....	Chartered by act of Ill. Feb. 12, 1859
Chicago, Milwaukee & North Western Railway company.....	Illinois and Wis.	Organized March 19, 1881

Date and authority for each consolidation?

Date of Consolidation	Companies Acquired by Consolidation	Authority for Consolidation
Jan. 19, 1864....	Dixon, Rockford & Kenosha Railroad company.....	General railroad law
June 2, 1864....	Galena & Chicago Union railroad.....	Auth. conf'd by charter
October 21, 1864....	Peninsular Railroad company.....	General railroad law
Jan. 10, 1871....	Beloit & Madison Railroad company.....	Auth. conf'd by charter
March 10, 1871....	Baraboo Air Line Railroad company.....	Auth. conf'd by charter
	La Crosse Trempealeau & Prescott Railroad company.....	Auth. conf'd by charter
Jan. 6, 1877....	Menominee River Railroad company.....	General railroad law
July 1, 1882....	Escanaba & Lake Superior Railway company.....	General railroad law
July 1, 1882....	Elgin & State Line Railroad company.....	Auth. conf'd by charter
June 7, 1883....	Chicago, Milwaukee & North Western Railway company.....	General railroad law
June 7, 1883....		General railroad law

[C. & N. W. RY. CO.]

HISTORY—Continued.

The property and franchises of other companies have been acquired by the Chicago & North Western Railway company by purchase, as follows:

Date of Organization	Companies	State	Date of Purchase	Authority for Purchase
April 4, 1882...	Galesville & Mississippi River Railroad company.	Wisconsin..	Mar. 16, 1883	...Gen. railroad law
March 18, 1880.	Rock River Railroad company	Wisconsin..	Mar. 16, 1883	" " "
Jan. 26, 1856...	Chicago, Iowa & Nebraska railroad	Iowa.....	July 1, 1884	" " "
June 14, 1859...	Cedar Rapids & Missouri River railroad	Iowa.....	July 2, 1884	" " "
June 10, 1876...	Maple River Railroad company	Iowa.....	July 3, 1884	" " "
July 31, 1872...	Stanwood & Tipton	Iowa.....	Oct. 24, 1884	" " "
March 2, 1870.	Iowa & Midland Railway company	Iowa.....	Oct. 24, 1884	" " "
July 2, 1883...	Ottumwa, C. F. & St. Paul Railway company	Iowa.....	Oct. 24, 1884	" " "
June 18, 1880...	Iowa South Western Railway company	Iowa.....	Oct. 24, 1884	" " "
August 1, 1870.	Des Moines & Minn. Railroad company	Iowa.....	Oct. 24, 1884	" " "
April 9, 1886...	Maple Valley Railway company	Iowa.....	May 4, 1887	" " "
April 15, 1886...	Janesville & Evansville Railway company	Wisconsin..	May 6, 1887	" " "
Jan. 13, 1887...	Sioux Valley Railway company	Iowa.....	Nov. 2, 1887	" " "
August 18, 1873	Iowa Railway Coal & Manufacturing company	Iowa.....	Nov. 2, 1887	" " "
October 30, 1886	Linn County Railway company	Iowa.....	Nov. 2, 1887	" " "
June 29, 1858...	Sycamore & Cortland Railroad company	Illinois...	June 7, 1888	Act Ill. June 30, 1885
Feb. 15, 1884...	Northern Illinois Railway company	Illinois....	June 7, 1888	Act Ill. June 30, 1885
October 8, 1886	Iron River Railway company	Michigan..	June 10, 1889	Act Mich. Feb. 27, '89
August 13, 1887	Iron Range Railway company	Michigan..	June 10, 1889	Act Mich. Feb. 27, '89
August 8, 1887.	Lake Geneva & St. Line Railway company	Wisconsin..	June 10, 1889	...Gen. railroad law
June 15, 1869...	Toledo & North Western railway	Iowa.....	June 6, 1890	...Gen. railroad law
Jan. 7, 1889...	Junction Railway company	Illinois....	June 4, 1891	Act Ill. June 30, 1885
May 28, 1890...	Paint River Railway company	Michigan..	June 4, 1891	Act Mich. Feb. 27, '89
Dec. 11, 1875...	Milwaukee, Lake Shore & Western Railway comp'y	Wis. & Mich	Aug. 19, 1893	...Gen. railroad law
Feb. 11, 1896...	Wisconsin Northern Railway company	Wisconsin..	Sept. 10, 1897	...Gen. railroad law

The following named companies are controlled by the C. & N. W. Ry. Co by ownership of capital stock, and no distinction is made in this report by reason of their separate incorporation.

Name of Company	Where Organized	Charter or Organization
Dakota Central Railway company...	Dakota.....	.....Organized May 7, 1879
Princeton & Western Railway Co....	Wisconsin .....	.....Organized August 1, 1883
Winona & St. Peter Railroad Co.....	Minnesota ....	..Chartered by act of March 10, 1862

[C. & N. W. RY. CO.]

HISTORY—Continued.

Leased line.

Name of Company	Where Organized	Charter or Organization
St. Paul, Eastern Grand Trunk Ry.	Wisconsin ....	.....Organized September 5, 1879

6. If a reorganized company, give name of original corporation and refer to laws under which it was organized. Not a reorganized company.

ORGANIZATION.

Company's Original Report, Page 5.

Name of Directors	Post Office Address	Date of Expiration of Term
Byron L. Smith.....	Chicago, Ill.....	..... June, 1899
Cyrus H. McCormick.....	Chicago, Ill.....	..... June, 1899
F. W. Vanderbilt.....	New York, N. Y.....	..... June, 1899
W. K. Vanderbilt.....	New York, N. Y.....	..... June, 1899
H. M. K. Twombly.....	New York, N. Y.....	..... June, 1899
John I. Blair.....	Blairstown, N. J.....	..... June, 1899
David P. Kimball.....	Boston, Mass.....	..... June, 1900
Chauncey M. Depew.....	New York, N. Y.....	..... June, 1900
Samuel F. Barger.....	New York, N. Y.....	..... June, 1900
Albert Keep.....	Chicago, Ill.....	..... June, 1900
M. L. Sykes.....	New York, N. Y.....	..... June, 1900
James C. Fargo.....	New York, N. Y.....	..... June, 1900
Oliver Ames.....	Boston, Mass.....	..... June, 1901
Zenas Crane.....	Dalton, Mass.....	..... June, 1901
James Stillman.....	New York, N. Y.....	..... June, 1901
Marvin Hughitt.....	Chicago, Ill.....	..... June, 1901
N. K. Fairbank.....	Chicago, Ill.....	..... June, 1901

Total number of stockholders at date of last election? 5,030.

Date of last meeting of stockholders for election of directors? June 2, 1898.

Give postoffice address of general office? Chicago and New York.

Give postoffice address of operating office? Chicago.

Give name and address of officer to whom correspondence regarding this report should be addressed? Name, J. B. Redfield. Title, Auditor. Address, Chicago.

[C. & N. W. RY. CO.]

OFFICERS.

Company's Original Report, Page 7.

Title	Name	Location of Office
Chairman of the board.....	Albert Keep.....	Chicago, Ill.
President.....	Marvin Hughitt.....	Chicago, Ill.
First vice-president.....	Martin L. Sykes.....	New York, N. Y.
Second vice-president.....	Marshall M. Kirkman.....	Chicago, Ill.
Third vice-president.....	Hiram R. McCullough.....	Chicago, Ill.
Secretary.....	M. L. Sykes.....	New York, N. Y.
Treasurer.....	S. O. Howe.....	New York, N. Y.
General counsel.....	Lloyd W. Bowers.....	Chicago, Ill.
Auditor.....	J. B. Redfield.....	Chicago, Ill.
General manager.....	John M. Whitman.....	Chicago, Ill.
Chief engineer.....	John E. Blunt.....	Chicago, Ill.
General superintendent.....	Sherburne Sanborn.....	Chicago, Ill.
Asst. General Superintendent	William A. Gardner.....	Chicago, Ill.
Division supt., N. D. lines...	James S. Oliver.....	Huron, S. Dakota
Superintendent of telegraph...	George H. Thayer.....	Chicago, Ill.
Traffic manager.....	Hiram R. McCullough.....	Chicago, Ill.
General freight agent.....	Marvin Hughitt, jr.....	Chicago, Ill.
General passenger agent.....	Warren B. Kniskern.....	Chicago, Ill.
General ticket agent.....	Warren B. Kniskern.....	Chicago, Ill.
General baggage agent.....	Nathaniel A. Phillips.....	Chicago, Ill.
Land commissioner.....	J. F. Cleveland.....	Chicago, Ill.

[C. & N. W. RY. CO.]

PROPERTY OPERATED.

STATE OF NORTH DAKOTA.

NAME OF EVERY RAILROAD, THE OPERATIONS OF WHICH ARE INCLUDED
IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

Company's Original Report, Page 9A.

Name	Terminals		Miles of Line for Each Road Named	Miles of Line for Each Class of Roads Named
	From	To		
Proprietary Lines.....				14.28
Dak. Central Ry. Co..	S. Dak. state line	Oakes.....	14.28	
Total.....				14.28

[C. & N. W. RY. CO.]

PROPERTY OPERATED.

NAME OF EVERY RAILROAD THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

IN GIVING ROADS BELOW, OBSERVE THE FOLLOWING CLASSIFICATION AND ORDER:

1. Railroad line represented by capital stock:
 - A. Main line.
 - B. Branches and spurs.
2. Proprietary companies whose entire capital stock is owned by this company.
3. Line operated under lease for specified sum.
4. Line operated under contract, or where the rent is contingent upon earnings or other considerations.
5. Line operated under trackage rights.

MILES OF COMPLETED ROAD JUNE 30, 1898.

Company's Original Report, Page 9.

From	To	Total	Illinois	Iowa	Wisconsin	Michigan	Minnesota	S. Dakota	N. Dakota
Lines chartered as, or consoli-									
North Western Ry.—									
Chicago.....	dated with, Chicago &	491.00	137.88	353.12					
Chicago.....	Council Bluffs.....	121.00	121.00						
Chicago.....	Freeport.....	9.40	9.40						
Geneva.....	Aurora.....	2.40	2.40						
Geneva.....	St. Charles.....	4.64	4.64						
Sycamore.....	Cortland.....	51.04	35.82		15.22				
Elgin.....	Williams Bay.....	75.78	75.78						
Belvidere.....	Spring Valley.....	4.50	4.50						
South Brainerd Junction.....	River (Chicago).....	73.57		73.57					
Clinton.....	Anamosa (Quarry).....	8.30		4.50					
Stanwood.....	Tipton.....	5.98		5.98					
Cut-off near Cedar Rapids.....	Jewell Junction.....	59.09		59.09					
Des Moines.....	Elmore.....	164.56		164.22		34			
Tama.....	Wall Lake Junction.....	73.68		73.68					
Jewell Junction.....	Hawarden.....	145.20		145.20					
Eagle Grove.....	Muchkinock.....	64.00		64.00					
Belle Plaine.....	Coal Banks.....	3.25							
Boone.....	Onawa.....	80.85		80.85					
Maple River Junction.....	Noville.....	79.87		79.87					
Wall Lake.....	Kirkman.....	34.81		34.81					
Carroll.....	Audubon.....	17.00							
Manning.....	Fort Howard.....	242.20	69.73	17.00					
Chicago.....	extension.....	3.63			172.47				
Appleton Water Power.....	Rockford.....	72.10	44.03		3.63				
Kenosha.....	Montrose.....	5.20			28.07				
Chicago.....									

[illegible]

[C. & N. W. RY. CO.]
PROPERTY OPERATED—Continued.

From	To	Total	Illinois	Iowa	Wisconsin	Michigan	Minnesota	South Dakota	North Dakota	Nebraska
Proprietary lines, viz: Prince Valley Junction.....	ton & Western Ry.—	16.06								
Windsor & St. Peter R. R.—	Necedah	448.48	16.06							
Windsor	Watertown						288.50	34.48		
Winkato Junction	Manitowish						3.75			
Manitowish	Manitowish						24.40			
Steeple Eye	Redwood Falls						24.48			
Rochester	Zacharia						15.01			
Eyota	Plainview						11.46			
Tipton	Chaffield						46.40			
Dakota Central Ry.—	Dakota line	723.93								
Minnesota state line	Pierre							209.11		
James Valley Junction	Oakes							117.67	14.28	
Watertown Junction	Watertown							43.83		
Watertown	Gettysburg							146.25		
Ironopolis	Hawarden							125.49		
Centerville	Yankton (state line)							28.46		
Doland	Yankton							38.84		
Total	Groton									
Leased lines, viz:		1,188.47	16.06				414.00	744.13	14.28	
St. Paul Eastern Grand	Trunk Ry.—	60.02			58.00					
Clintonville	Oconto				4.02					
Spurs										
Total		60.02	60.02		60.02					
Recapitulation—										
Chi. & Nor. West. Ry. (chartered or consolidated)		3,828.40	593.97	1,163.12	1,549.65	521.19	.47	744.13	14.28	
Proprietary lines		1,188.47			16.06		414.00			
Leased lines		60.02			60.02					
Total		5,076.89	593.97	1,163.12	1,625.73	521.19	414.47	744.13	14.28	
Add Operated under trackage rights—		8.73		3.07						5.66
Council Bluffs (Broadway) to South Omaha										
Grand total		5,085.62	593.97	1,166.19	1,625.73	521.19	414.47	744.13	14.28	5.66
Average miles operated during the year		5,075.70	593.97	1,163.38	1,623.81	521.19	414.47	744.13	14.28	.47

[C. & N. W. RY. CO.]

PROPERTY OPERATED—Continued.

NAME OF ALL COAL, BRIDGE, CANAL, OR OTHER PROPERTIES, THE EARNINGS AND EXPENSES OF WHICH AFFECT THE GENERAL BALANCE SHEET—PAGES 49 AND 51.

Company's Original Report, Page 11.

Name	Character of Business	Title	State or Territory
Western Town Lot Co. }	Establishing town and selling	Ownership of stock.	Iowa, Minn., N. Dak., So. Dak. & Wis.
Pioneer Town Site Co. }	town lots.	"	Neb., So. Dak. & Wyoming.
Minnesota Land Grant. }	Selling lands.	Owned by Proprietary Co.	Minn. and So. Dak.
Wisconsin Land Grant. }		"	Wisconsin.
Michigan Land Grant. }	Mining and selling coal.	Ownership of stock.	Michigan.
Consolidation Coal Co.			Iowa.

[C. & N. W. RY. CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS, AND INCOME BONDS.

Company's Original Report, Page 19.

Class of Bond or Obligation	Time		Amount of Authorized Issue	Amount Issued
	Date of Issue	When Due		
Mortgaged Bonds:				
C. & M. Ry. 1st mortgage....	July 1, 1863..	July 1, 1898..	\$ 1,700,000	\$ 1,700,000
Peninsular R. R. 1st mtge....	July 1, 1863..	Sept. 1, 1898..	1,200,000	1,200,000
Iowa Midland Ry. 1st mtge....	Aug. 1, 1870..	Oct. 1, 1900..	1,350,000	1,350,000
Escanaba & L. S. Ry. 1st mtge	July 1, 1881..	July 1, 1901..	720,000	720,000
C. & N. W. Ry. 1st mtge (Iowa div.).....	April 1, 1891..	April 1, 1902..	1,411,000	1,411,000
C. & N. W. Ry., general consolidated gold.....	Nov. 30, 1872..	Dec. 1, 1902..	48,000,000	13,651,000
M. & M. Ry., 1st mtge.....	Sept. 1, 1880..	Sept. 1, 1903..	1,600,000	1,600,000
Chi. & Tomah. R. R., 1st mtge	Sept. 1, 1880..	Nov. 1, 1905..	1,528,000	1,528,000
C. & M. & N. W. Ry., constr'n	May 1, 1882..	Nov. 1, 1905..	750,000	750,000
M. R. R. R., 1st mtge.....	July 1, 1876..	July 1, 1906..	400,000	400,000
M. R. R. R., Ext., 1st mtge....	Jan. 1, 1880..	July 1, 1906..	180,000	180,000
Des M. & M. R. R., 1st mtge	Feb. 1, 1882..	Feb. 1, 1907..	600,000	600,000
Dakota Central Ry., 1st mtge (W. & St. P. Con.).....	May 1, 1882..	Sept. 1, 1907..	1,065,000	1,065,000
W. & St. P. R. R., 2nd (now 1st mtge.).....	Nov. 1, 1887..	Nov. 1, 1907..	1,800,000	1,800,000
Dakota Central Ry., 1st mtge (S. E. div.).....	Nov. 1, 1882..	Nov. 1, 1907..	2,000,000	2,000,000
R. & Nor. M. R. R., 1st mtge	Sept. 1, 1878..	Sept. 1, 1908..	200,000	200,000
Plainview R. R., 1st mtge....	Sept. 1, 1878..	Sept. 1, 1908..	100,000	100,000
Minn. Valley R. R., 1st mtge	Oct. 1, 1878..	Oct. 1, 1908..	150,000	150,000
O. C., F. & St. P. R., 1st mtge	March 1, 1884	March 1, 1909	1,600,000	1,600,000
C. R. & M. R. R. R. mtge 1884	June 1, 1884..	June 1, 1909..	789,000	789,000
Nor. Illinois Ry., 1st mtge....	April 1, 1885..	March 1, 1910	1,600,000	1,500,000
Madison Ext., 1st mtge sinking fund.....	April 1, 1871..	April 1, 1911..	3,150,000	3,150,000
Menominee Ext., 1st mtge sinking fund.....	June 1, 1871..	June 1, 1911..	2,700,000	2,700,000
C. & N. W. Ry. Con. sinking fund, currency.....	June 16, 1865..	Feb. 1, 1915..	12,900,000	12,832,000
C. R. & M. R. R. R. 3rd div., 1st mtge.....	May 1, 1866..	May 1, 1916..	2,500,000	2,332,000
W. & St. P. R. R. Ext., west div., 1st mtge.....	Dec. 1, 1871..	Dec. 1, 1916..	4,375,000	4,375,000
N. W. U. Ry., 1st mtge.....	June 1, 1872..	June 1, 1917..	3,500,000	3,500,000
M., L. S. & W. Ry., consolidated, 1st mtge.....	May 2, 1881..	May 1, 1921..	5,000,000	5,000,000
M., L. S. & W. Ry., Marshfield Ext., 1st mtge.....	Oct. 1, 1892..	Oct. 1, 1922..	600,000	600,000
M., L. S. & W. Ry., 1st mtge (Michigan div.).....	June 20, 1884..	July 1, 1924..	3,000,000	1,281,000
M., L. S. & W. Ry., 1st mtge, Ashland div.....	March 2, 1885..	March 1, 1925..	1,000,000	1,000,000
M., L. S. & W. Ry., Ext. & Imp. sinking fund mtge....	Feb. 1, 1889..	Feb. 1, 1929..	5,000,000	4,564,000
Wisconsin Nor. Ry., 1st mtge	July 15, 1896..	July 15, 1931..	1,725,000	660,000
C. & N. W. Ry., general mtge, gold of 1887.....	Nov. 1, 1897..	Nov. 1, 1987..	165,000,000	6,701,000
Miscellaneous Obligations:				
C. & N. W. Ry. sinking fund of 1879, 6 per cent.....	Oct. 1, 1879..	Oct. 1, 1929..	.....	6,440,000
C. & N. W. Ry. sinking fund of 1879, 5 per cent.....	Oct. 1, 1879..	Oct. 1, 1929..	15,000,000	8,560,000
C. & N. W. Ry. Ext. of 1886..	April 15, 1886	Aug. 15, 1926	.....	.....
C. & N. W. Ry. Ext. of 1886..	April 15, 1886	Aug. 15, 1926	20,000,000	18,632,000

[C. & N. W. RY. CO.]

FUNDED DEBT.

MORTGAGE BONDS, MISCELLANEOUS OBLIGATIONS AND INCOME BONDS.

Company's Original Report, Page 19.

Amount Out- standing	Cash Realized on Amount Issued	Interest			
		Rate	When Payable	Amt. Accrued During Year	Amt. Paid During Year
\$ 487,000	These bonds were assumed by the C. & N.W. Ry. Co. when it acquired the roads named.	7	Jan. 1-July 2	\$ 115,835 04	\$ 117,865 04
67,000		7	Mar. 1-Sep. 1	4,388 68	4,550 00
1,099,000		8	Apr. 1-Oct. 1	94,100 00	100,440 00
455,000		6	Jan. 1-July 1	30,450 00	38,580 00
861,000	\$ 1,404,070 95	4½	Apr. 1-Oct. 1	44,932 50	51,120 00
10,721,000	12,317,979 13	7	June 1-Dec. 1	800,059 16	819,402 50
1,600,000	These bonds were assumed by the C. & N. W. Ry. Co. when it acquired the roads named.	6	Mar. 1-Sep. 1	96,000 00	96,000 00
1,528,000		6	May 1-Nov. 1	91,680 00	90,780 00
50,000		6	May 1-Nov. 1	45,000 00	45,000 00
400,000		7	Jan. 1-July 1	28,000 00	29,050 00
190,000		7	Jan. 1-July 1	11,200 00	11,200 00
600,000		7	Feb. 1-Aug. 1	42,000 00	41,930 00
1,065,000	\$ 1,071,390 00	6	Mar. 1-Sep. 1	63,900 00	63,900 00
1,592,000	1,460,290 00	7	May 1-Nov. 1	111,440 00	111,510 00
2,000,000	2,012,000 00	6	May 1-Nov. 1	120,000 00	120,000 00
200,000	These bonds were assumed by the W. & St. P. R. R. Co. when it acquired the roads named.	7	Mar. 1-Sep. 1	14,000 00	14,000 00
100,000		7	Mar. 1-Sep. 1	7,000 00	7,000 00
150,000		7	Apr. 1-Oct. 1	10,500 00	10,500 00
1,600,000	These bonds were assumed by the C. & N.W. Ry. Co. when it acquired the roads named.	5	Mar. 1-Sep. 1	80,000 00	80,250 00
769,000		7	June 1-Dec. 1	53,830 00	54,390 00
1,500,000		5	Mar. 1-Sep. 1	75,000 00	74,825 00
3,150,000	\$ 2,788,429 92	7	Apr. 1-Oct. 1	220,500 00	220,587 50
2,697,000	Issued partly for cash and partly for constr'n.	7	June 1-Dec. 1	188,790 00	188,842 50
12,632,000	Issued partly for cash & partly for other bonds	7	Feb. 1-May 1	898,240 00	897,067 50
2,332,000	Assumed by C. & N. W. Ry. Co. when it acquired road.	7	May 1-Nov. 1	163,240 00	163,310 00
4,241,000	\$ 3,937,500 00	7	June 1-Dec. 1	296,870 00	296,376 50
3,500,000		7	Mar. 1-Sep. 1	245,000 00	244,930 00
5,000,000		6	May 1-Nov. 1	300,000 00	303,360 00
400,000	These bonds were assumed by C. & N. W. Ry. Co. when it acquired the roads named.	5	Apr. 1-Oct. 1	20,000 00	20,000 00
1,281,000		6	Jan. 1-July 1	76,860 00	76,830 00
1,000,000		6	Mar. 1-Sep. 1	60,000 00	59,670 00
4,188,000	\$ 660,000 00	5	Feb. 1-Aug. 1	207,400 00	207,875 00
440,000		4	Jan. 15-July 15	16,484 29	18,884 29
6,701,000	6,701,000 00	3½	Feb. 1-May 1	109,208 76	69,542 10
* 6,129,000	6,353,501 67	6	Apr. 1-Oct. 1	365,040 00	366,720 00
* 7,268,000	8,100,675 00	5	Apr. 1-Oct. 1	360,687 51	361,275 00
* 5,897,000	17,605,850 31	4	Feb. 15-Aug. 15	215,880 00	746,000 00
+ 13,235,000		4	Feb. 15-Aug. 15	529,400 00	

[C. & N. W. RY. CO.]

FUNDED DEBT—Continued.

Class of Bond or Obligation	Time		Amount of Authorized Issue	Amount Issued
	Date of Issue	When Due		
Income Bonds:				
M., L. S. & W. Ry., inc. bonds	May 2, 1881..	May 1, 1911..	500,000	500,000
Debenture Bonds:				
M., L. S. & W. Ry., 20-year conv. debenture.....	Feb. 1, 1887..	Feb. 1, 1907..	2,000,000	2,000,000
C. & N. W. Ry., 25-year debentures of 1909.....	July 1, 1884..	Nov. 1, 1909..	6,000,000	6,000,000
C. & N. W. Ry., 30-year deb.	Feb. 28, 1891.	April 15, 1921	10,000,000	10,000,000
C. & N. W. Ry., sinking fund debentures of 1933.....	May 1, 1883..	May 1, 1933..	10,000,000	10,000,000
Total mortgage bonds....	.....	.....	.....	\$ 82,949,000
Total miscel. obligations.....	.....	.....	.....	33,632,000
Total income bonds.....	.....	.....	.....	500,000
Total debenture bonds....	.....	.....	.....	28,000,000
Grand total.....	.....	.....	.....	\$ 145,081,000

[C. & N. W. RY. CO.]

FUNDED DEBT—Continued.

Amount Out- standing	Cash Realized on Amount Issued	Interest			
		Rate	When Payable	Amt. Accrued During Year	Amt. Paid During Year
500,000	Assumed by C. & N. W. Ry. Co. when it ac- quired the road.	6	May 1-Nov. 1	30,000 00	30,030 00
436,000	Assumed by C. & N. W. Ry. Co. when it ac- quired the road.	5	Feb. 1-Aug. 1	21,800 00	21,950 00
5,900,000	\$ 5,792,550 83	5	May 1-Nov. 1	293,666 06	293,825 00
10,000,000	10,063,462 50	5	Apr. 15-Oct. 15	500,000 00	499,800 00
9,800,000	9,150,000 00	5	May 1-Nov. 1	490,000 00	481,475 00
\$ 75,467,000	.....	..	.....	\$ 4,741,906 43	\$ 4,749,567 93
32,029,000	.....	..	.....	1,471,007 51	1,473,995 00
500,000	.....	..	.....	30,000 00	30,030 00
26,136,000	.....	..	.....	1,305,466 66	1,297,050 00
\$ 134,132,000	.....	..	.....
Interest paid during the year on bonds that matured July 1, 1897 .....				.....	14,245 00
				\$ 7,548,380 60	\$ 7,564,887 93
Less, interest collected on bonds deposited with the trustee in place of bonds issued by the C. & N. W. Ry. Co. (the interest on which latter is included in the above)				529,400 00	529,400 00
Balance of interest accrued and paid				\$ 7,018,980 60	\$ 7,035,487 93
Less, interest on Wisconsin Northern Ry. bonds charged to construction, page 29				144 45	
Balance included in income account, page 31				\$ 7,018,836 15	

* These bonds were issued in place of first mortgage bonds of roads, the accounts of which are included in this report.

† These bonds were issued in place of first mortgage bonds of roads, the accounts of which are not included in this report.

[C. & N. W. RY. CO.]

CAPITAL STOCK.

Company's Original Report, Page 17.

Description	Number of Shares of Shares Authorized	Par Value of Shares	Total Par Value Authorized	Total Amount Issued and Outstanding	Dividends Declared During Year	
					Rate	Amount
Capital stock and scrip, C. & N. W. Railway company, common, including \$2,333,690.05 owned by the company	414,203	\$ 100 00	No fixed amt	\$ 41,420,365 97	5	\$ 1,954,195 00
Capital stock and scrip, C. & N. W. Railway company, preferred, including \$3,794.56 owned by company	228,709	100 00	No fixed amt	22,370,954 56	7	1,565,628 75
Capital stock of proprietary companies whose operations, etc., are embraced in this report	26,175	100 00	No fixed amt	2,617,500 00		
Total	664,088			\$ 66,408,820 53		\$ 3,519,823 75

Manner of Payment for Capital Stock	Number of Shares Issued During Year	Cash Realized on Amount Issued During Year	Total Number Shares Issued and Outstanding	Total Cash Realized	Remarks
1865-1869: Preferred	Dec. 100		36,400	\$ 2,911,466 14	
Issued by proprietary companies for account of construction: Common			26,175		
Issued for properties acquired: Common			336,276		
Issued for retiring bonds: Common	35		110,869		
Issued in 1867 and 1868 for dividends in line of income used for construction: Common	35		5,695		
			52,325		
			13,292		
			24,066		
Total	Dec. 30		664,068		

[C. & N. W. RY. CO.]

RECAPITULATION OF FUNDED DEBT.

Company's Original Report, Page 23.

Class of Debt	Amount Issued	Amount Outstanding	Interest	
			Amount Accrued Dur- ing Year	Amount Paid During Year
Mortgage bonds—Page 19.....	\$ 82,949,000 00	\$ 75,467,000 00	\$ 4,741,906 43	\$ 4,763,812 93
Miscellaneous obligations—Page 19.....	33,632,000 00	32,029,000 00	941,607 51	944,595 00
Income bonds—Page 19.....	500,000 00	500,000 00	30,000 00	30,000 00
Debenture bonds—Page 19.....	28,000,000 00	28,136,000 00	1,305,466 66	1,297,050 00
Total.....	\$145,081,000 00	\$134,132,000 00	\$ 7,018,980 60	\$ 7,035,457 93

* Of this amount, \$7,018,936 15 appears in Income Account—Page 31.

And

144 55 appears in Interest on Bonds during Construction—Page 29 A.

Total, \$7,018,980 60

[C. & N. W. RY. CO.]

CURRENT ASSETS AND LIABILITIES.

Company's Original Report, Page 23.

Cash and Current Assets Available for Payment of Current Liabilities	Amount	Current Liabilities Accrued to and Including June 30, 1898	Amount
Cash.....	\$ 4,956,795 18	Audited vouchers and accounts.....	\$ 1,042,469 92
Bills receivable.....	115,233 50	Wages and salaries.....	1,480,071 64
Due from agents, conductors and paymasters.....	1,544,212 86	Net traffic balances due to other companies.....	38,785 14
Due from solvent companies and individuals.....	79,296 58	Dividends not called for.....	9,223 75
Due from U. S. Government.....	387,052 20	Matured interest coupons unpaid (including coupons due July 1).....	297,253 02
		Rents due July 1, (Albany R. R. bridge).....	6,000 00
		Miscellaneous.....	30,540 00
		Dividends declared payable July 6, 1898.....	1,968,552 50
Total—Cash and current assets.....	\$ 6,962,490 44	Total—Current liabilities.....	\$ 4,272,875 97
Total.....	\$ 6,962,490 44	Balance—Cash assets.....	2,689,604 47
		Total.....	\$ 6,962,490 44

* Materials and supplies on hand, \$1,793,232.24.

[C. & N. W. RY. CO.]

RECAPITULATION.

A. FOR MILEAGE OWNED BY ROAD MAKING THIS REPORT.

(Including proprietary companies, whose operations are embraced in this report.)

Company's Original Report, Page 25.

Account	Total Amount Outstanding	Apportionment		Amount Per Mile of Line	
		To Railroads	*To Other Prop- erties,	Miles	Amount
Capital stock—Page 17.....	\$ 66,343,820 53	\$ 66,343,820 53	\$ 65,000 00	5,016.87	\$ 13 224
Bonds—Page 18, ["Grand Total"].....	134,132,000 00	134,132,000 00	.....	5,016.87	28 736
Total.....	\$ 200,540,820 53	\$ 200,475,820 53	\$ 65,000 00	5,016.87	\$ 39 960

*See Page 11.

B. FOR MILEAGE OPERATED BY ROAD MAKING THIS REPORT (TRACKAGE RIGHTS EXCLUDED), THE OPERATIONS OF WHICH ARE INCLUDED IN THE INCOME ACCOUNT—PAGE 31.

Company's Original Report, Page 25.

Name of Road	Capital Stock	Funded Debt	Total	Amount Per Mile of Line	
				Miles	Amount
Chicago & North Western Ry. Co., and Proprietary companies, whose operations are included in Income Account—Page 31.....	\$ 66,343,820 53	\$ 134,132,000 00	\$ 200,475,820 53	5,016.87	\$ 39 960
St. Paul Eastern Grand Trunk Ry.....	1,100,000 00	1,120,000 00	2,220,000 00	60.02	36 968
Total.....	\$ 67,443,820 53	\$ 135,252,000 00	\$ 202,695,820 53	5,076.89	\$ 39 925

[C. & N. W. RY. CO.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS.

Company's Original Report, Page 28A.

Item.	Expenditures During Year			Total Cost to June 30, 1897	Total Cost to June 30, 1898	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses				
		Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment			
Construction:			\$			
Engineering.....		31,441 65		
Right of way and station grounds.....		194,214 54		
Grading.....		227,375 84		
Bridges, trestles and culverts.....		210,674 70		
Ties.....		167,403 76		
Rails.....		286,541 21		
Track fastenings.....		68,875 01		
Frogs and switches.....		21,717 09		
Ballast.....		221,063 96		
Track laying and surfacing.....		61,094 75		
Fencing right of way.....		6,653 52		
Crossings, cattle guards, and signs.....		54,294 69		
Interlocking or signal apparatus.....		43,180 90		
Station buildings and fixtures.....		66,015 24		
Shops, roundhouses and turntables.....		8,124 28		
Shop machinery and tools.....		23,115 94		
Water stations.....		8,562 11		
Fuel stations.....		4,974 18		
Grain Elevators.....		3,292 99		
Docks and wharves.....		74,906 00		
Miscellaneous structures.....		8,196 21		
Elevating tracks in city of Chicago.....		896,693 45		
Interest and discount.....		234,679 45		
General expenses.....		34,373 39		
Total construction.....		\$ 2,937,446 96		
On the old and more complete parts of the road petty expenditures for construction amounting to less than \$20.00 each are charged to operating expenses—No record kept of these amounts.				

[C. & N. W. Ry. Co.]

COST OF ROAD, EQUIPMENT AND PERMANENT IMPROVEMENTS—Continued.

Company's Original Report, Page 29B.

Item	Expenditures During Year			Total Cost to June 30, 1887	Total Cost to June 30, 1888	Cost Per Mile
	Included in Operating Expenses	Not Included in Operating Expenses				
		Charged to Income Account as Permanent Improvements	Charged to Construction or Equipment			
Equipment:						
Freight cars.....			\$ 289,699 49			
Other cars of all classes.....			9,035 19			
Total equipment.....			\$ 298,734 68			
Total construction—Page 29 A.....			2,937,446 86			
Grand total cost construction, equipment, etc.....			\$ 3,236,181 54	\$175,211,189 80	\$178,447,351 34	
Less written off to "cost of road" as per page 29B.....					131,000 00	
(Proportional).....						
Total cost construction, equipment, etc.—State of North Dakota.....			\$ 9,211 40	\$ 498,720 47	\$ 507,538 99	\$ 35,543 35

EXPLANATORY REMARKS.

The amount credited "cost of road" as shown on page 29B is the amount of bonds issued for construction purposes, which have been retired during the year with sinking fund payments.

[C. & N. W. RY. CO.]

INCOME ACCOUNT.

(For Roads Making Operating Reports).

Company's Original Report, Page 31.

Gross earnings from operation—page 35.....	\$ 36,320,385 74	
Less operating expenses—page 45.....	23,010,381 72	
Income from operation.....		\$ 13,310,004 02
Dividends on stocks owned—page 37.....	\$ 1,022,668 50	
Miscellaneous income—less expenses—page 41.....	42,302 72	
Income from other sources.....		1,064,971 22
Total income.....		\$ 14,374,975 24
Deductions from Income:		
Interest on funded debt, accrued—page 23.....	\$ 7,018,836 16	
Rents paid for lease of road—page 47A.....	17,911 43	
Taxes.....	1,108,953 42	
*Other deductions.....	569,438 80	
Total deductions from income.....		8,715,139 80
Net income.....		\$ 5,659,835 44
Dividends, 5 per cent, common stock—page 17.....	\$ 1,954,195 00	
Dividends, 7 per cent, preferred stock—page 17.....	1,565,628 75	
Total.....		3,519,823 75
Surplus from operations of year ending June 30, 1898.....		\$ 2,140,011 69
Surplus on June 30, 1897, (from "general balance sheet," 1897 report).....		4,444,986 59
		\$ 6,584,998 28
†Deductions for year.....		207,672 73
Surplus on June 30 (for entry on "general balance sheet," page 51).....		\$ 6,377,325 55

*Sinking funds and St. P. E. G. T. Ry. Co., interest guaranteed, etc.

†Amount charged off for rebuilding Ore Dock, No. 4, Escanaba, destroyed by fire,

Other deductions are as follows:

Sinking fund.....	\$ 197,260 00
Guaranteed interest on St. P. E. G. T. Ry. bonds.....	38,968 57
Interest paid in advance of maturity on bonds taken up and funded into C. & N. W. Ry., 3½ per cent general mortgage gold bonds of 1887.....	333,210 23

[C. & N. W. RY. CO.]

EARNINGS FROM OPERATION

STATE OF NORTH DAKOTA.

Company's Original Report, Page 35.

Item	Total Receipts	Actual Earnings
Passenger:		
Passenger revenue.....	\$ 1,470 87	
Less repayments—		
Tickets redeemed.....	\$ 15 16	
Excess fares refunded.....	46 11	
Total deductions.....	\$ 61 27	
Total passenger revenue.....		\$ 1,409 60
Mail.....		1,286 50
Express.....		55 08
Extra baggage and storage.....		56 62
Other items.....		2 52
Total passenger earnings.....		\$ 2,810 32
Freight:		
Freight revenue.....	\$ 4,285 67	
Less repayments—		
Overcharge to shippers.....	\$ 32 87	
Total deductions.....	\$ 32 87	
Total freight revenue.....		\$ 4,252 80
Other items.....		12 00
Total freight earnings.....		\$ 4,264 80
Total passenger and freight earnings.....		\$ 7,075 12
Other Earnings from Operation:		
Rents not otherwise provided for.....		\$ 20 00
Total other earnings.....		\$ 20 00
Total gross earnings from operation—North Dakota.....		\$ 7,095 12
Total gross earnings from operation—Entire line.....		\$ 36,320,385 74

[C. & N. W. RY. CO.]

STOCKS OWNED.

A. RAILWAY STOCKS.

Company's Original Report, Page 37.

Name	Total Par Value	Rate	Income or Dividend Received
Stocks of other companies—			
Common stock, Chi., St. P., Mpls. & Omaha Ry. Co.	\$ 9,320,000 00	2	\$ 186,400 00
Preferred " " "	5,380,000 00	7	376,600 00
Common " " Sioux City & Pacific R. R. company.	1,895,100 00		
Preferred " " "	41,400 00	7	2,733 50
Stock of Fremont, Elkhorn & Mo. Riv. Val. R. R. Co.	30,370,000 00		
Stock of St. Paul Eastern Grand Trunk Railway....	1,069,800 00		
Stock of Chicago Union Transfer Railway company.	80,000 00		
Common stock of Chi., Iowa & Dak. Ry. company...	20,000 00		
Preferred " " "	10,000 00		
Stocks of Chi. & North Western Ry. Co. and proprietary companies whose accounts and operations are embraced in this report—			
Common stock and scrip, Chi. & Nor. West. Ry. Co.	2,333,688 05		
Preferred " " "	3,794 58		
Stock of Dakota Central Railway company.....	250,000 00		
Stock of Princeton & Western Railway company....	2,500 00		
Stock of Winona & St. Peter Railroad company.....	2,300,000 00		
Stock of Consolidation Coal company.....	15,000 00		
Stock of Western Town Lot company.....	25,000 00		
Stock of Pioneer Town Site company.....	25,000 00		
Total.....	\$53,170,782 61	....	\$ 565,733 50

B. OTHER STOCKS.

Name	Total Par Value	Rate Per Cent	Income or Dividend Received
Sioux City Bridge company.....	\$ 472,900 00	....	\$ 70,935 00
Mo. Val. & B. Railway & Bridge Co.....	1,930,000 00	....	396,000 00
Total.....	\$ 2,402,900 00	....	\$ 456,935 00
Grand total—A and B.....	\$55,573,682 61	....	\$ 1,022,668 50

[C. & N. W. RY. CO.]

BONDS OWNED.**A. RAILWAY BONDS.**

Company's Original Report, Page 39.

Name	Total Par Value	Rate Per Cent	Income or Interest Received
Bonds of other companies—			
Escanaba, Iron Mt. & West., 1st mortgage.....	\$ 1,350,000		
St. P. East. Gd. Trunk Ry., "	152,000		
Chicago, Iowa & Dakota Ry., "	22,000	4	\$ 880
Bonds of Chi. & North Western Ry company—			
Chi. & Nor. West. Ry.—25-year debentures of 1909...	10,000		
M., L. S. & W.—E. & H. Imp., 1st mortgage.....	40,000		
Chi. & Nor. West. Ry.—5 per cent sink'g f'd of 1879.	60,000		
Chi. & Nor. West. Ry.—5 per cent " "	71,000		
Peninsula Railroad 1st mortgage.....	7,000		
Total.....	\$ 1,712,000	....	\$ 880

B. OTHER BONDS.

Name	Total Par Value	Rate Per Cent	Income or Interest Received
None.....	.....	....	.....
Total.....	.....	....	.....
Grand total—A and B.....	\$ 1,712,000	....	*\$ 880

* Included in income of Western Town Lot company, whose net profits are carried direct to General Balance Sheet.

[C. & N. W. RY. CO.]

RENTALS RECEIVED.

RENTS RECEIVED FROM LEASE OF TRACKS, YARDS AND TERMINALS.

Company's Original Report, Page 41.

Designation of Property	Situation of Property Leased	Name of Company Using Property Leased	Total
Tracks:			
	Onalaska to Marshland....	Green Bay & West'n Ry. Co.	\$ 7,628 16
	City of Zumbrota, Minn....	Dul., Red Wing & So. Ry. Co.	866 76
Sidings in.....	City of Council Bluffs, Ia....	C., B. & Q. R. R. Co.....	189 40
Sidings in.....	City of Council Bluffs, Ia....	C., R. I. & P. R. R. Co.....	189 40
Sidings in.....	City of Milwaukee, Wis....		450 00
Sidings in.....	City of Menominee, Mich....	C., M. & St. P. Ry. Co....	16 80
Sidings in.....	City of Winona, Minn.....		47 34
Sidings in.....	City of Cedar Rapids, Ia....		69 48
Sidings at.....	De Kalb, Ill.....	Chicago, G. W. Ry. Co.....	180 00
Sidings near.....	What Cheer, Iowa.....	B., C. R. & N. Ry. Co.....	350 04
Sidings at.....	Ashland Mine, Mich.....	Wisconsin Central lines....	145 80
Sidings at.....	Ishpeming and to sundry mine tracks.....	Lake Sup. & Ishp. Ry. Co...	2,000 04
Total.....			\$ 12,133 22
Bridges.....	Bridge across the Mississippi river at Clinton, Ia.	C., B. & Q. Ry. Co.....	\$ 20,000 00
Total.....			\$ 20,000 00
Grand total rents received.....			\$ 32,133 22

MISCELLANEOUS INCOME.

Item	Gross Income	Less Expenses	Net Miscellaneous Income
Interest on notes, call loans, discount on accounts payable, etc.....	\$ 44,498 71	\$ 2,195 99	\$ 42,302 72
Total carried to income account, page 31.	.....	.....	\$ 42,302 72

[C. & N. W. RY. CO.]

OPERATING EXPENSES.

Company's Original Report, Pages 43-45.

Item.	Amount
Maintenance of Way and Structures:	
Repairs of roadway	\$ 2,467,620 28
Renewals of rails	207,771 00
Renewals of ties	724,116 84
Repairs and renewals of bridges and culverts	726,179 88
Repairs and renewals of fences, road crossings, signs and cattle guards	173,806 20
Repairs and renewals of buildings and fixtures	506,414 42
Repairs and renewals of docks and wharves	42,321 40
Repairs and renewals of telegraph	28,538 19
Stationery and printing	18,115 98
Total	\$ 4,894,884 19
Maintenance of Equipment:	
Superintendence	\$ 256,035 99
Repairs and renewals of locomotives	[1,426,809 10
Repairs and renewals of passenger cars	397,457 11
Repairs and renewals of freight cars	1,971,300 37
Repairs and renewals of work cars	40,149 42
Repairs and renewals of marine equipment	1,248 60
Repairs and renewals of shop machinery and tools	107,024 96
Stationery and printing	23,988 48
Other expenses	130,932 40
Total	\$ 4,354,946 43
Conducting Transportation:	
Superintendence	\$ 154,701 78
Engine and roundhouse men	2,785,856 06
Fuel for locomotives	2,574,803 51
Water supply for locomotives	132,814 69
Oil, tallow and waste for locomotives	80,950 57
Other supplies for locomotives	37,234 03
Train service	1,959,884 29
Train supplies and expenses	307,790 02
Switchmen, flagmen and watchmen	915,453 41
Telegraph expenses	492,296 99
Station service	1,628,897 13
Station supplies	138,555 57
Switching charges—Balance	169,031 26
Car mileage—Balance	262,706 96
Hire of equipment—Balance	7,691 33
Loss and damage	139,881 47
Injuries to persons	377,555 40
Clearing wrecks	18,972 23
Operating marine equipment	3,707 54
Advertising	82,487 56
Outside agencies	366,997 18
Commissions	188,467 85
Rents for tracks, yards and terminals—Page 47B	47,517 91
Rents of buildings and other property	12,737 61
Stationery and printing	125,115 45
Total	\$ 13,012,147 80
General Expenses:	
Salaries of general officers	\$ 146,158 30
Salaries of clerks and attendants	310,518 20
General office expenses and supplies	84,359 01
Insurance	6,477 29
Law expenses	149,786 91
Stationery and printing (general offices)	24,609 73
Other expenses	26,493 86
Total	\$ 748,403 30

[C. & N. W. RY. CO.]

OPERATING EXPENSES—Continued.

Company's Original Report, Pages 43-45.

Item	Amount
Recapitulation of Expenses:	
Maintenance of way and structures.....	\$ 4,894,884 19
Maintenance of equipment.....	4,354,946 43
Conducting transportation.....	13,012,147 80
General expenses.....	748,408 30
Grand Total.....	\$ 23,010,381 72
Percentage of expenses to earnings—Entire line, 63.35.	
Operating Expenses—State of North Dakota (Proportional):	
Maintenance of way and structures.....	\$ 13,771 29
Maintenance of equipment.....	12,252 23
Conducting transportation.....	36,608 44
General expenses.....	2,105 56
Total.....	\$ 64,737 52

[C. & N. W. RY. CO.]

RENTALS PAID.

A. RENTS PAID FOR LEASE OF ROAD.

Company's Original Report, Page 47.

Name of Road	Cash	Total
St. Paul Eastern Grand Trunk railway.....	\$ 17,911 43	\$ 17,911 43
Total rents—A.....	\$ 17,911 43	\$ 17,911 43

B. RENTS PAID FOR LEASE OF TRACKS, YARDS AND TERMINALS.

Designation of Property	Situation of Property Leased	Name of Company Owning Property Leased	Item	Total
Tracks.....	Sidings at Lindwern, Wis.....	Chicago, Milwaukee & St. Paul railway.....	\$ 1,000 00	
	Sidings at Menominee, Mich.....	Oshkosh Transportation Co.....	62 68	
	Sidings at Oshkosh, Wis.....	Wisconsin Central lines.....	9,044 25	
	Sidings at Ashland, Minn, Mich.....	Wisconsin Central lines.....	35 00	
	Sidings at McMillan, Wis.....	Chicago, Rock Island & Pacific railroad.....	57 24	
	Counting track near Given, Iowa.....	Blair to Omaha.....	1,895 96	
	Paid F. E. & M. V. R. Co., per cent on track.....	Albany Bridge Co.....	7,589 11	\$ 19,634 24
Bridges.....	Bridge over Mississippi river at Clinton, Iowa.....	Union Pacific Railroad Co.....	12,000 00	12,000 00
	Union Pacific transfer station at Council Bluffs.....			
	Union terminal tracks.....		6,052 00	
	Union Pacific bridge over Missouri river at Omaha and terminal tracks.....	Union Pacific Railroad Co.....	3,750 00	
Terminals.....	Union depot at Omaha.....	Omaha Union Depot Co.....	5,646 40	
	Elmore, Minn., depot and terminals.....	Chicago, St. Paul, Minneapolis & Omaha Ry. Co.....	435 27	15,893 67
Grand total rents—B.....			.....	\$ 41,517 91

[C. & N. W. RY. CO.]

SECURITY FOR FUNDED DEBT.

Company's Original Report, Page 57.

Class of Bond or Obligation	What Road Mortgaged		Miles	Amount of Mortgage Per Mile of Line
	From	To		
Chicago & Milwaukee Ry., 1st mortgage	Chicago.	Milwaukee.	85.00	\$ 19,305.98
Peninsula R. R., 1st mortgage	Escanaba.	Negaunee.	108.85	15,480.44
Iowa Midland Ry., 1st mortgage	Lyons.	Anamosa.	70.97	10,505.08
Escanaba & Lake Superior Ry., 1st mtge.	Naranta.	Metropolitan.	43.80	12,149.00
C. & N. W. Ry., (Iowa div.), 1st mortgage.	Wall Lake.	Kingsley.	70.87	
C. & N. W. Ry., gen. consolidated gold...	Chicago, includ. branches to mines	Isipeming.		
	Chicago.	Missouri River, opposite Omaha.		
	Chicago.	Freeport.		
	Chicago.	Fond du Lac.		
	Belvidere.	Winona.		
	Elgin.	Geneva Lake.		
	Kenosha.	Rockford.		
	Clinton.	Anamosa.		
	Stanwood.	Tipton.		
	Geneva.	Batavia.		
	Chicago south branch track.	St. Charles.		
	Montrose cut off track.		1,669.92	6,420.06
Milwaukee & Madison Ry., 1st mtge....	Milwaukee.	Madison.	82.00	19,512.20
	Galeana.	Woodman.		
	Montfort.	Madison.		
	Ipswich.	Platteville.	151.76	15,010.54
	Lancaster Junction.	Lancaster.		
	Powers.	Quinnese.	24.71	16,187.77
	Menominee River R. R., 1st mtge.	Wisconsin state line.	6.37	25,117.74
	Des Moines.	Jewell Junction.	57.34	10,463.90
	Belle Plaine.	Muchakinock.	64.09	25,000.00
	Cedar Rapids.	Des Moines River.	122.00	6,803.28
	Belvidere.	Spring Valley.	75.78	19,926.10
	Northern Illinois Ry., 1st mtge.	Madison.	129.10	24,999.99
	Madison Ext., 1st mtge.	Winona Junction.	114.10	23,637.1
	Fort Howard.	Escanaba.		

C. & N. W. Ry., con, sinking fund curr'y.	Chicago..... Ill. Escanaba..... Mich. Chicago..... Ill. Chicago..... Ill. Belvidere..... " " Elgin..... " " Rockford..... " "	Fort Howard..... Wis. Negauance and Iron mines..... Iowa Clinton..... " " Freepport..... Ill. Madison..... Wis. Richmond..... Ill. Kenosha..... Wis.	788.22	16,279 72
C. R. & M. R. R., 3rd div. North Western Union Ry., 1st mtge.	Des Moines River..... Wis. Milwaukee..... " "	Missouri River, opposite Omaha.. Fond du Lac..... Wis.	149 60 62 63	15,388 23 55,883 76
M., L. S. & W., consolidated.	Lake Shore Junction..... " " Montico Junction..... " " Hortonville..... " " Eland Junction..... " " Two River Junction..... " " Antigo..... " "	Michigan state line..... North towards Hurley..... Wis. Oshkosh..... " " Wausau..... " " Two Rivers..... " " Malcom..... " "	412 86	12,110 64
Wisconsin Northern Ry., 1st mtge.	Northern Junction..... " "	Wabena..... " "	46 11	9,542 40
C. & N. W. Ry. Ext., bonds of 1886, 4 per cent.	Issued on pledge of collateral bonds gages (maturing same date as Mapleton..... Iowa Lake City..... " " Columbia..... S. Dak. Redfield..... " " Doland..... " " Janesville..... Wis. Kingsley..... Iowa Cedar Rapids cut off..... Mich. Iron River..... " " Isperming..... Mich. Lake Geneva..... Wis. Montrose..... Ill. Crystal Falls..... Mich. And for bonds of other Co's, depos F. E. & M. V. R. Co., con, bonds Wyo. Cent. Ry. Co., 1st mtge bonds	which are secured by first mort- this mortgage) on line as follows: Onawa..... Iowa Wall Lake..... " " Oakes..... N. Dak. Gettysburg..... S. Dak. Grotton..... " " Evansville..... Wis. Menville..... Iowa Watersmeet..... Mich. Michigan and branches..... Mich. Williams Bay..... Wis. North Evansston..... Ill. Hemlock Mine..... Mich. ited with trustee as collateral, viz: Marshfield.....	317 29	17,009 67
M., L. S. & W., Marshfield Ext.	Wausau..... Wis.	Marshfield.....	40 00	10,000 00
M., L. S. & W., Mich. div., 1st mtge.	State line..... Watersmeet Br. and Bns. to mines	Montreal River.....	81 89	15,642 94
M., L. S. & W., Ashland div., 1st mtge. M., L. S. & W., debentures.	Montreal River..... Secured by extension and improve	Ashland, including docks, etc..... ment sinking fund mortgage.....	39 62 683 04	15,239 77 689 11

[C. & N. W. RY. CO.]
SECURITY FOR FUNDED DEBT—Continued.

Company's Original Report, Page 57.

Class of Bond or Obligation	What Road Mortgaged		Miles	Amount of Mortgage Per Mile of Line
	From	To		
M., L. S. & W. Ry., Ext. and Impr.....	L. S. Junction.....Wis.	Michigan state line.....	683.04	6,012.94
	State line.....	Montreal River.....Wis.		
C. & N. W. Ry., sinking fund of 1879, 6 per cent.....	Montreal River.....Wis.	Ashland.....	1,041.50	12,736.44
	Monico Junction.....Wis.	Hurley.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Manitowoc.....	Two Rivers.....		
	Hortonville.....	Oshkosh.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Eland Junction.....	Wausau.....		
	Wolf and Wisc. River branches.....	.....	
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Ontonagon River branches.....	.....	
	Hurley and Pence branches.....	.....	
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Branches.....	.....	
	Spurs.....	Mills.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Issued on pledge of collateral bonds.....	which are secured by first mort- this mortgage) on line as follows:		
	gages (maturing same date as Tracy.....	Dakota state line.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Eyota.....	Chatfield.....		
	Stanwood.....	Tipton.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Mich. state line near Spread Eagle.....	Wisconsin state line.....		
	Shebogan.....	Princeton.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Janesville.....	Afton.....		
	Carroll.....	Kirkman.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Manning.....	Audubon.....		
	Wisconsin state line.....	Iron River.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Slager.....	Crystal Falls.....		
	Branches.....	Mines.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Trempealeau.....	Galesville.....		
	Sycamore.....	Cortland.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Tama.....	Elmore.....		
	Eagle Grove.....	Hawarden.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Minnesota state line near Elkton.....	Pierre.....		
	Brookings.....	Watertown.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Centerville.....	Yankton.....		
	Ordway.....	Columbia.....		
C. & N. W. Ry., sinking fund of 1879, 5 per cent.....	Huron.....	Ordway.....		
		

C. & N. W. Ry., 25-year debentures of 1909.....	Secured by mortgage upon all subject to all prior mortgages.....	roads owned by this company sub-		
C. & N. W. Ry., 50-year debentures of 1923.....	Watertown.....S. Dak.	Redfield.....S. Dak.	3,828 40	1,750 34
C. & N. W. Ry., 50-year debentures of 1923.....	Irrequis.....S. Dak.	Hawarden.....S. Iowa	71 00	15,000 00
M., L. S. & W. Ry., income bonds.....	Widona.....Minn.	St. Peter.....Minn.	125 49	15,087 46
General gold bonds of 1887.....	Rochester.....Minn.	St. Peter.....Minn.	139 00	11,453 23
Dak. Cen. Ry., 1st mgt (W. & St. P. Con.).....	Eyota.....	Plainville.....	24 48	8,169 98
Dak. Cen. Ry., 1st mgt (S. E. D.Vt.).....	St. Peter.....	Redwood Falls.....	15 01	8,662 22
W. & St. P. R. R., 1st mgt (now 1st mgt).....	St. Peter.....	Watertown.....S. Dak.	24 40	6,417 54
Rock. & N. W. Minn. Ry., 1st mgt.....	St. Peter.....		183 98	23,051 42
Plainview R. R., 1st mgt.....				
Minnetonka Valley, 1st mgt.....				
W. & St. P. R. R. Ext., Gold.....				

[C. & N. W. RY. CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 49.

June 30, 1897		Assets	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
.....	\$ 141,841,538 37	Cost of road—page 29A.....	.....	\$ 144,648,035 23	\$ 2,806,446 86	
.....	33,369,601 43	Cost of equipment—page 29B.....	.....	33,968,316 11	298,714 68	
.....	14,407,686 61	Stocks owned—page 27.....	.....	14,414,111 61	6,425 00	
.....	8,590,250 00	Bonds owned—page 30.....	.....	196,250 00		\$ 8,394,000 00
.....	41,760 00	Other permanent investments.....	.....	23,925 00		17,835 00
.....	65,000 00	Cost of property, Consolidation Coal Co., Western	.....		
.....		Town Lot Co. and Pioneer Town Site Co.	.....	65,000 00		
.....	13,235,000 00	Bonds of F. E. & M. V. railroad and Wyo. Cent.	.....		
.....		railway deposited with trustee as security for	.....	13,235,000 00		
.....		like amount of bonds issued by C. & N. W. Ry. Co.	.....		
.....		Other Assets:	.....		
.....	4,738,693 03	Cash and current assets—page 23.....	.....	6,962,480 44	2,223,787 41	
.....	1,080,625 75	Materials and supplies.....	.....	1,793,232 24		137,493 51
.....	8,006,005 37	Sinking fund, trustees, of.....	.....	8,692,707 04	596,301 67	
.....	613,212 92	Sundries.....	.....	190,183 00		423,129 92
.....	\$ 238,839,923 48	Grand Total.....	.....	\$ 223,799,140 67		\$ 3,040,782 81

[C. & N. W. RY. CO.]

COMPARATIVE GENERAL BALANCE SHEET.

Company's Original Report, Page 51.

June 30, 1897		Liabilities	June 30, 1898		Year Ending June 30, 1898	
Item	Total		Item	Total	Increase	Decrease
.....	\$ 66,411,820 53	Capital stock—Page 17.....	.....	\$ 66,480,820 53	.....	\$ 3,000 00
.....	131,947,500 00	Funded debt—Page 23.....	.....	134,182,000 00	\$ 2,184,500 00	
.....	3,824,232 61	Current liabilities—Page 23.....	.....	4,272,875 97	348,673 36	
.....	8,407,000 00	Purchase account, bonds on hand from purchase of M., L. S. & W. Ry.....	.....	.....	.....	8,407,000 00
.....	1,394,000 11	Accrued interest on funded debt not yet payable.....	.....	1,609,676 78	15,676 67	
.....	6,668,733 70	Sinking fund installments paid.....	.....	7,117,688 70	447,960 00	
.....	1,536,666 67	Accretions to sinking funds.....	.....	1,485,008 34	148,341 67	
.....	.....	Profit and Loss:	.....	.....	.....
.....	4,444,988 59	Surplus—Railroad income.....	.....	6,377,325 55	1,932,338 96	
.....	15,110 09	Surplus—Consolidation Coal Co.....	.....	7,873 95	.....	7,236 14
.....	2,063,898 18	Surplus from land grant, lands and town lots, less deferred payments on same.....	.....	2,387,860 85	238,962 67	
.....	\$ 226,889,923 48	Grand Total.....	.....	\$ 223,799,140 67	.....	\$ 3,040,782 81

[C. & N. W. RY. CO.]

IMPORTANT CHANGES DURING THE YEAR.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 53.

1. All extensions of road put in operation.
2. Decrease in mileage by line abandoned or line straightened.
3. All other important physical changes.
4. All leases taken or surrendered.
5. All consolidations or reorganizations effected.
6. All new stocks issued.
7. All new bonds issued.
8. All other important financial changes.

1. No new extensions of road put in operation during the year.
2. No decrease in mileage by abandonment or change of line.
3. No important physical changes in North Dakota.
4. No leases taken or surrendered effective in North Dakota.
5. No consolidations or reorganizations effected in North Dakota.
6. The capital stock was decreased \$10,000 by the absorption of the property of the Wisconsin Northern Railway Co. of Wisconsin, and increased \$7,000 to retire Peninsula bonds.

Net decrease, \$3,000.

7. \$6,801,000 of bonds have been issued and \$4,616,500 of bonds retired during the year.

Net increase, \$2,184,500.

8. The sinking fund accounts have been increased:

By payment of installments.....	\$ 447,980 00
By accretions of interest.....	148,341 67
Total	\$ 596,301 67

This company has given a mortgage or trust deed to the United States Trust Co. of New York, and John A. Stewart, as trustees, dated Nov. 1, 1897, providing for an issue of bonds known as C. & N. W. Ry. Co. general mortgage gold bonds of 1897, limited to \$165,000,000, payable Nov. 1, 1897.

This issue is for the purpose of paying, retiring or refunding at or before maturity bonds aggregating.....	\$ 131,645,000
And for construction and other purposes.....	33,355,000

The bonds are in coupon and in registered form, and are to bear interest not to exceed 5 per cent per annum. Interest payable on coupon bonds semi-annually, and on registered bonds quarterly.

Of this issue there is now outstanding.....	\$ 6,701,000
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[C. & N. W. RY. CO.]

CONTRACTS, AGREEMENTS, ETC.**AFFECTING BUSINESS WITHIN STATE OF NORTH DAKOTA.**

Company's Original Report, Page 55.

Here give a concise statement of all existing contracts, agreements, arrangements, etc., with other companies or persons, concerning the transportation of freight or passengers. Give the statement in the following order, viz:

1. Express companies.
2. Mails.
3. Sleeping, parlor or dining car companies.
4. Freight or transportation companies or lines.
5. Other railroad companies.
6. Steamboat or steamship companies.
7. Telegraph companies.
8. Telephone companies.
9. Other contracts.

Express Companies. By an agreement with American Express Co. of date, April 16, 1894, to be in force until the first day of April, 1899. The C. & N. W. Ry. Co. agrees to transport the freight of the express company over all lines operated by the railway company aggregating 5,066 miles for an annual payment of \$350,859.98 (with provision for an extra payment for facilities on special train) for an estimated limited tonnage, and an agreed schedule of rates for exceptional excess of tonnage.

Mails. The company transports mails over any route on its lines when ordered by the United States postoffice department. The company receives such compensation for its services as is from time to time fixed.

Sleeping, parlor and dining cars are not run in North Dakota.

Freight or Transportation Companies or Lines. The cars of all transportation companies are allowed to run over this company's lines paying regular rates and receiving mileage, and their freight having no preference over other freight of like class.

Other Railroad Companies. None for North Dakota.

Steamboat or Steamship Companies. This company has no contracts with steamboat or steamship companies.

Telegraph Companies. By contract with Western Union Telegraph Co. all lines of road operated by this company are afforded telegraph facilities. This company having certain wires or rights to their use for the business of the railway company, commercial business being done by the telegraph company.

EMPLOYES AND SALARIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 59.

Class	Number	Total Number of Days Worked	Total Yearly Compensation	Average Daily Compensation
Station agents	2	626	\$ 930 00	\$ 1 48
Other station men.....	1	313	180 00	57
Enginemen.....	.....	.....	362 99	
Firemen.....	.....	.....	221 92	
Other shopmen.....	2	626	950 40	1 52
Section foremen.....	2	626	1,040 00	1 73
Other trackmen.....	4	939	1,079 52	1 15
Total (including "general officers")—North Dakota.....	11	3,130	\$ 4,804 83	\$ 1 54
Total (excluding "general officers")—North Dakota.....	11	3,130	\$ 4,804 83	\$ 1 54
Distribution of Above:				
Maintenance of way and structures.....	6	1,565	2,159 52	1 38
Maintenance of equipment.....	1	313	480 00	1 53
Conducting transportation.....	4	1,252	2,155 31	1 73
Total (including "general officers")—North Dakota.....	11	3,130	\$ 4,804 83	\$ 1 54
Total (excluding "general officers")—North Dakota.....	11	3,130	4,804 83	1 54
Total (including "general officers")—Entire Line.....	26,731	7,163,944	\$ 14,321,203 95	\$ 2 00

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	3,029	
Number of passengers carried one mile.....	39,960	
Number of passengers carried one mile per mile of road.....	2,798	
Average distance carried.....	13,192	
Total passenger revenue—Page 35.....		\$ 1,409.80
Average amount received from each passenger....		.46537
Average receipts per passenger per mile.....		.03528
Total passenger earnings—Page 35.....		2,810.32
Passenger earnings per mile of road.....		196.80
Passenger earnings per train mile.....		.44608
Freight Traffic:		
Number of tons carried of freight earning revenue—Page 63.....	21,435	
Number of tons carried one mile.....	291,798	
Number of tons carried one mile per mile of road..	20,434	
Average distance haul of one ton.....	14	
Total freight revenue—Page 35.....		4,252.80
Average amount received for each ton of freight...		.19840
Average receipts per ton per mile.....		.01457
Total freight earnings—Page 35.....		4,264.80
Freight earnings per mile of road.....		298.65

[C. & N. W. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE—
Continued.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 61A.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Freight earnings per train mile.....		\$.6887
Passenger and freight:		
Passenger and freight revenue—Page 35.....		5,662.40
Passenger and freight revenue per mile of road....		396.52
Passenger and freight earnings—Page 35.....		7,075.12
Passenger and freight earnings per mile of road....		495.45
Gross earnings from operation—Page 35.....		7,095.12
Gross earnings from operation per mile of road....		496.85
Gross earnings from operation per train mile.....		.56761
Operating expenses—Page 45 (proportional on basis of average miles of road operated).....		64,737.52
Operating expenses per mile of road.....		4,533.43
Operating expenses per train mile.....		5.17900
Income from operation—Page 31 (proportional ex- penses in excess of actual earnings).....		57,642.40
Income from operation per mile of road (deficit)...		4,036.58
Train Mileage:		
Miles run by passenger trains.....	6,300	
Miles run by freight trains.....	6,200	
Total mileage trains earning revenue.....	12,500	
Miles run by switching trains.....	2,200	
Miles run by construction and other trains.....	800	
Grand Total Train Mileage.....	15,500	
Mileage of loaded freight cars—North or east.....	20,545	
Mileage of loaded freight cars—South or west.....	18,905	
Mileage of empty freight cars—North or east.....	10,060	
Mileage of empty freight cars—South or west.....	10,730	
Average number of freight cars in train.....	9.72	
Average number of loaded cars in train.....	6.86	
Average number of empty cars in train.....	3.36	
Average number of tons of freight in train.....	47.06	
Average number of tons of freight in each loaded car.....	7.4	

[C. & N. W. RY. CO.]

PASSENGER AND FREIGHT, AND TRAIN MILEAGE.

ENTIRE LINE.

Company's Original Report, Page 61.

Item	Column for Ton- nage, Number Passengers, Num- ber Trains, Mile- age, Number Cars	Column for Revenue and Rates
Passenger Traffic:		
Number of passengers carried earning revenue....	14,166,838	
Number of passengers carried one mile.....	367,752,907	
Number of passengers carried one mile per mile of road.....	72,454	
Average distance carried.....	25.959	
Total passenger revenue—Page 35.....		\$ 7,398,201.79
Average amount received from each passenger.....		.52222
Average receipts per passenger per mile.....		.02012
Total passenger earnings—Page 35.....		9,027,013.00
Passenger earnings per mile of road.....		1,778.48
Passenger earnings per train mile.....		.87888
Freight Traffic:		
Number of tons carried of freight earning revenue —Page 63.....	19,921,686	
Number of tons carried one mile.....	3,038,202,061	
Number of tons carried one mile per mile of road....	598,184	
Average distance haul of one ton.....	152.	
Total freight revenue—Page 35.....		27,157,439.69
Average amount received for each ton of freight....		1.36321
Average receipts per ton per mile.....		.00894
Total freight earnings—Page 35.....		27,181,548.03
Freight earnings per mile of road.....		5,355.23
Freight earnings per train mile.....		1.72858
Passenger and Freight:		
Passenger and freight revenue—Page 35.....		84,555,641.48
Passenger and freight revenue per mile of road....		6,806.05
Passenger and freight earnings—Page 35.....		36,208,561.03
Passenger and freight earnings per mile of road....		7,133.71
Gross earnings from operation—Page 35.....		36,320,385.74
Gross earnings from operation per mile of road....		7,155.74
Gross earnings from operation per train mile.....		1.89716
Operating expenses—Page 45.....		23,010,381.72
Operating expenses per mile of road.....		4,533.44
Operating expenses per train mile.....		.88516
Income from operation—Page 31.....		13,310,004.02
Income from operation per mile of road.....		2,622.30
Train Mileage:		
Miles run by passenger trains.....	10,036,798	
Miles run by freight trains.....	15,022,046	
Miles run by mixed trains.....	896,949	
Total mileage trains earning revenue.....	25,955,793	
Miles run by switching trains.....	7,881,132	
Miles run by construction and other trains.....	1,287,481	
Grand Total Train Mileage.....	35,164,406	
Mileage of loaded freight cars—North or east.....	124,863,282	
Mileage of loaded freight cars—South or west.....	127,431,979	
Mileage of empty freight cars—North or east.....	55,898,041	
Mileage of empty freight cars—South or west.....	45,370,234	
Average number of freight cars in train.....	22.48	
Average number of loaded cars in train.....	16.04	
Average number of empty cars in train.....	6.44	
Average number of tons of freight in train.....	198.08	
Average number of tons of freight in each loaded car.....	12.03	

[C. & N. W. RY. CO.]

FREIGHT TRAFFIC MOVEMENT.

STATE OF NORTH DAKOTA.

Company's Material Excluded.

Company's Original Report, Page 63.

Commodity	Freight Originat- ing on This Road	Freight Received from Con- necting Roads and Other Carriers	Total Freight Tonnage	
	Whole Tons	Whole Tons	Whole Tons	Per Cent
Products of Agriculture:				
Grain.....	1,044	.....	1,044	15.63
Flour.....	1	.....	1	00.02
Other mill products.....	.....	35	35	00.53
Fruit and vegetables.....	265	1	266	03.98
Products of Animals:				
Live stock.....	1,308	1,168	2,476	37.07
Other packing house products.....	.....	9	9	00.13
Wool.....	2	.....	2	00.03
Products of Mines:				
Anthracite coal.....	.....	121	121	01.81
Bituminous coal.....	1,035	340	1,375	20.58
Products of Forest:				
Lumber.....	919	13	932	13.95
Manufactures:				
Bar and sheet metal.....	52	.....	52	00.78
Cement, brick and lime.....	81	.....	81	01.21
Wagons, carriages, tools, etc.....	1	.....	1	00.02
Household goods and furniture.....	66	81	97	01.45
Merchandise.....	90	93	183	02.74
Miscellaneous:				
Other commodities not mentioned above	5	.....	5	00.07
Total tonnage—North Dakota.....	4,869	1,811	6,680	100.00
Total tonnage—Entire line.....	17,026,662	2,895,024	19,921,686	

[C. & N. W. RY. CO.]

DESCRIPTION OF EQUIPMENT.

Company's Original Report, Page 65.

Item	Number Added During Year	Total Number at End of Year	Equipment Fitted with Train Brake		Equipment Fitted with Automatic Coupler	
			Number	Name	Number	Name
Locomotives—Owned and Leased:						
Passenger.....		108	108	Westinghouse...		
Freight.....		640	638	Westinghouse...	15	Chicago
Switching.....		172	170	Westinghouse...	13	Chicago
Total locomotives in service...		1,010	1,006	Westinghouse...	28	Chicago
Total locomotives owned.....		1,010	1,006	.....	28	Chicago
Cars—Owned and Leased:						
In Passenger Service:						
First-class cars.....	*24	481	481	Westinghouse...	481	Miller
Second-class cars.....		44	44	Westinghouse...	44	Miller
Combination cars.....	23	106	106	Westinghouse...	93	Chicago
Dining cars.....		9	9	Westinghouse...	9	Miller
Parlor cars.....		22	22	Westinghouse...	22	Miller
Baggage, express and postal cars...	1	186	186	Westinghouse...	166	Miller
Total.....		848	848	Westinghouse...	733	Chicago
In Freight Service:						
Box cars.....	149	19,773	13,108	Westinghouse...	848	Janney
Flat cars.....		3,645	1,506	Westinghouse...	238	Chicago
Stock cars.....		2,881	2,573	Westinghouse...	3,242	Chicago
Coal cars.....	500	3,750	1,852	Westinghouse...	2,881	Chicago
Refrigerator cars.....	1	646	631	Westinghouse...	3,750	Chicago
Other cars in freight service.....		4,392	4,392	Westinghouse...	646	Chicago
Total.....	650	35,087	24,162	Westinghouse...	733	Janney
					21	Miller
					34,435	

In Company's Service:						
Officers and pay cars.....	1	5	Westinghouse...	5	Miller	
Derrick cars.....		37	Westinghouse...	7	Chicago	
Caboose cars.....		546	Westinghouse...	50	Chicago	
Other road cars.....		86	" " " " " "		Chicago	
Rotary steam snow plows.....	2	3	" " " " " "			
Total.....	1	627	Westinghouse...	62	444	
Total cars in service.....	651	36,562	" " " " " "		35,727	
Total cars owned.....	651	36,562	" " " " " "	25,072	35,727	

*** Decrease,**

MILEAGE—STATE OF NORTH DAKOTA.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67B.

Line in Use	Line Represented by Capital Stock of C. & N. W. Ry. Co.		Line of Proprietor-Companies	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs						Iron	Steel
Miles of single track.....	14.28	.....	.....	14.28	.....	.....	14.28
Miles of yard track and sidings.....	1.00	.....	.....	1.00	.....	.....	.....
Total mileage operated (all tracks).....	15.28	.....	.....	15.28	.....	.....	14.28

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK.)

State or Territory	Line Represented by Capital Stock of C. & N. W. Ry. Co.		Line of Proprie- tary Com- panies	Line Operated Under Lease	Line Oper- ated Under Contract, Etc.	Line Oper- ated Under Trackage Rights	Total Mileage Operated	New Line Construct- ed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
North Dakota	14.28	.....	.....	.....	14.28	.....	.....	14.28
Total mileage operated (single track).....	14.28	.....	.....	.....	14.28	.....	.....	14.28

[C. & N. W. RY. CO.]

MILEAGE.

A. MILEAGE OF ROAD OPERATED (ALL TRACKS).

Company's Original Report, Page 67.

Line in Use	Line Represented by Capital Stock of C. & N. W. Ry. Co.		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Miles of single track.....	1,927.39	1,901.01	1,188.47	60.02	.....	8.73	5,055.62	54.94	284.03	4,812.86
Miles of second track.....	385.85	29.95	.....	.....	51.12	8.06	454.98	12.16	.....	446.92
Miles of yard track and sidings.	*1,520.83	.....	167.95	8.74	.....	8.03	1,705.55	36.58	356.05	1,341.47
Total mileage operated (all tracks).....	3,814.07	1,930.96	1,356.42	68.76	51.12	24.82	7,246.15	103.58	620.08	6,601.25

* Including branches and spurs represented by capital stock.

B. MILEAGE OF LINE OPERATED BY STATES AND TERRITORIES (SINGLE TRACK).

State or Territory	Line Represented by Capital Stock of C. & N. W. Ry. Co.		Line of Proprietary Companies	Line Operated Under Lease	Line Operated Under Contract, Etc.	Line Operated Under Trackage Rights	Total Mileage Operated	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs							Iron	Steel
Illinois.....	400.21	183.76	.....	60.02	.....	.....	583.97	.....	28.28	583.97
Wisconsin.....	953.85	585.80	16.06	.....	.....	.....	1,625.73	46.11	.....	1,599.45
Michigan.....	220.08	301.11	.....	.....	.....	.....	521.19	.....	46.40	474.79
Iowa.....	353.12	810.00	.....	.....	.....	3.07	1,066.19	3.07	65.35	1,067.77
Minnesota.....	.....	34	414.00	.....	.....	.....	414.47	.....	10.31	404.16
South Dakota.....	.....	.....	744.13	.....	.....	.....	744.13	.....	115.69	628.44
North Dakota.....	.....	.....	14.28	.....	.....	.....	14.28	.....	.....	14.28
Nebraska.....	.....	.....	.....	.....	.....	5.66	5.66	5.66	.....	.....
Total mileage operated (single track).....	1,927.39	1,901.01	1,188.47	60.02	.....	8.73	5,085.62	54.94	284.03	4,812.86

[C. & N. W. RY. CO.]

MILEAGE—Continued.

C. MILEAGE OF LINE OWNED BY STATES AND TERRITORIES (SINGLE TRACK).

Company's Original Report, Page 67.

State or Territory	Line Represented by Capital Stock of C. & N. W. RY.		Total Mileage Owned	New Line Constructed During Year	Rails	
	Main Line	Branches and Spurs			Iron	Steel
Illinois.....	400.21	193.76	—	593.97	.....	593.97
Wisconsin.....	953.85	595.90	1,549.65	.....	25.03	1,524.62
Michigan.....	220.08	301.11	521.19	.....	46.40	474.79
Iowa.....	353.12	810.00	1,163.12	.....	65.35	1,097.77
Minnesota.....	.13	.34	.47	.....	.....	.47
Total mileage owned (single track).....	1,927.39	1,901.01	3,828.40	46.11	136.78	3,691.62

RENEWALS OF RAILS AND TIES.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 68.

New Rails Laid During Year				New Ties Laid During Year		
Kind	Tons	Weight Per Yard—Pounds	Average Price Per Ton at Distributing Points	Kind	Number	Average Price at Distributing Point
Steel.....	Oak.....	560	\$.51
.....	Other.....	2,455	\$.29
Total steel.....	Total.....	3,015	\$.33

[C. & N. W. RY. CO.]

CONSUMPTION OF FUEL BY LOCOMOTIVES.

Company's Original Report, Page 69.

Locomotives	Coal—Tons		Wood—Cords		Total Fuel Consumed—Tons	Miles Run	Average Pounds Consumed Per Mile
	Anthracite	Bituminous	Hard	Soft			
Passenger.....	113	.....	2	114	4,400	51.82
Freight.....	194	.....	3	196	4,925	79.59
Switching.....	6	.....	.....	6	492	24.39
Total.....	313	.....	5	316	9,817	64.38
Average cost at distributing point.....	\$ 1.6928	.....	\$ 2.3112	.....	.....	.....

CHARACTERISTICS OF ROAD.

STATE OF NORTH DAKOTA.

Company's Original Report, Page 73.

Working Divisions or Branches			Alignment		Profile				
From	To	Miles	Aggregate Length of Curved Line		Length of Level Line	Ascending Grade		Descending Grades	
			Number of Curves	Miles		No.	Sum of Ascents	Aggregate Length of Ascending Grades	No.	Sum of Descents	Aggregate Length of Descending Grades
				Miles	Miles		Feet	Miles	
State line, nr. Ludden	Oakes	14.28	3	0.81	13.47	6.08	43.0	4.53	29.1
Total .....	.....	14.28	3	0.81	13.47	6.08	43.0	4.53	29.1

[C. & N. W. RY. CO.]

CHARACTERISTICS OF ROAD—Continued.

STATE OF NORTH DAKOTA.

BRIDGES, TRESTLES, TUNNELS, ETC.

Company's Original Report, Page 75.

Item	Number	Aggregate Length		Minimum Length		Maximum Length	
		Feet	In.	Feet	In.	Feet	In.
Trestles	7	284	....	16	....	93	....

Gauge of track, 4 feet, 8½ inches; 14.28 miles.

TELEGRAPH.

B. OWNED BY ANOTHER COMPANY, BUT LOCATED ON PROPERTY OF ROAD MAKING THIS REPORT.

Miles of Line	Miles of Wire	Name of Owner	Name of Operating Company
13.90	15.90	West'n Un. Tel. Co.	Jointly by West'n Un. Tel. Co. and by C. & N. W. Ry. Co. for Company's business only.

[C. & N. W. RY. CO.]

CAR MILEAGE.

PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS NOR CONSIGNED FOR USE BY LEASE.

Company's Original Report, Page 77.

Cars Used		Compensation	
Name of Owner	Description	Rate	Amount
American Live Stock Transportation company, Chicago, Ill.	stock	3-5	\$ 359 57
American Refrigerator Transportation company, St. Louis, Mo.	refrigerator.	3-5	1,062 15
American Tank line, Cleveland, O.	tank	3-4	211 39
Anglo-American Refrigerator Car company, Chicago, Ill.	refrigerator.	3-4	92 61
Armour Car lines, Chicago, Ill.	refrigerator and miscel.	1	29,351 65
Arms Palace Horse Car company, Chicago, Ill.	horse	B. 3-5, T. ¾, R. ¾ & 1	23,270 68
Atlanta Stone, Coal & Lumber Line company, Atlanta, Ga.	box and flat.	3-5	9 99
Archer & Co., Minneapolis, Minn.	tank	3-5	23 14
American Cereal Company Despatch, Chicago, Ill.	box	3-4	717 49
Arper, G. W., Oakland, Cal.	tank	3-5	122 24
Ames Coal Transportation company, Minonk, Ill.	coal	3-5	1 89
American Steel & Wire Co., Chicago, Ill.	box	3-5	232 59
American Cotton Oil company, Chicago, Ill.	tank	3-4	23 54
Abernathy Furniture company, Kansas City, Mo.	box	3-5	5 28
American Brewing company, St. Louis, Mo.	refrigerator.	3-4	8 08
Amieff Refrigerator Car company, Atlanta, Ga.	refrigerator.	3-4	10 79
Barrett & Barrett, Chicago, Ill.	box	3-5	429 81
Barton Stock Car company, Boston, Mass.	stock	3-5	353 13
Boots Estate, Conrad, Alexandria, Mo.	box	3-5	8 40
Brook Locomotive works, Dunkirk, N. Y.	flat	3-5	5 77
Brill, J. G., Philadelphia, Pa.	flat	3-5	2 50
California Fruit Transportation company, Chicago, Ill.	refrigerator	3-5	2,474 12
Canda Cattle Car company, Chicago, Ill.	stock	3-5	2,191 91
Cedar Rapids Refrigerator express, Cedar Rapids, Ia.	refrigerator.	3-5	1,850 06
Chappell Chemical company, Chicago, Ill.	tank	3-4	182 27
Chicago Refrigerator Car line, Chicago, Ill.	refrigerator.	3-4	502 56
Cold Blast Transportation company, Kansas City, Mo.	refrigerator.	1	37 90
Commerce Despatch line, Chicago, Ill.	box	3-5	824 59
Continental Fruit express, Chicago, Ill.	refrigerator.	1	8,967 50
Craig Oil company, Chicago, Ill.	tank	3-4	113 55
Crocker Chair company, Chicago, Ill.	refrigerator.	3-5	404 80
Cudahy Milwaukee Refrigerator line, Milwaukee, Wis.	refrig. 1, stock 3-5	3-5	5,470 63

Cadally Refrigerator line, South Omaha, Neb.	refrigerator and tank.	34
Consolidated Cattle Car company, Chicago, Ill.	stock	34
Carle Oat Meal company, Kansas City, Mo.	box	35
Central Equipment company, Terre Haute, Ind.	box	35
Creamery Package & Manufacturing Co., Chicago, Ill.	box	35
Chicago Car & Coal Co., Chicago, Ill.	coal	35
Chippes, W. Wooden Ware company, St. Louis, Mo.	box	35
Chicago, N. W. York & Boston Refrigerator Car Co., Boston, Mass.	refrigerator	34
Crystal Oil Refining company, Cleveland, O.	tank	34
Dairy Deiers Despatch, Kansas City, Mo.	refrigerator	34
Dairy Deiers Despatch, Chicago, Ill.	refrigerator	34
Dolese & Sheppard, Chicago, Ill.	gondola	34
Excelsior Horse Car line, Chicago, Ill.	tank	34
Express Oil Works, Oil City, Pa.	coal	34
Express Oil Works, Atlanta, Ga.	tank	34
Express Oil Works, Chicago, Ill.	tank	34
Farbank, N. K., Chicago, Ill.	tank	34
Farrall Car line, Omaha, Neb.	tank	34
Farrall Car line, Cleveland, O.	tank	34
Farrall Car line, Chicago, Ill.	tank	34
Geiger Manufacturing company, Waynesboro, Pa.	box	34
Goodell Refrigerator Car company, Chicago, Ill.	refrigerator	34
Green line, Oil City, Pa.	tank	34
Great Western Tank line, Cleveland, O.	tank	34
Hammond Refrigerator line, Hammond, Ind.	refrigerator and box	34
Havens, C. B., Omaha, Neb.	box	34
Harlick Food company, Racine, Wis.	box	34
Hardick Tank line, Chicago, Ill.	tank	34
Indiana Tank line, Chicago, Ill.	tank	34
Independent Refining company, Oil City, Pa.	box	34
J. J. E. B. Furniture line, Atlanta, Ga.	box	34
Joyce, F. R., San Francisco, Cal.	tank	34
Kansas City Dressed Beef line, Kansas City, Mo.	refrigerator and box	34
Kansas Manufacturing Despatch, Hutchinson, Kan.	box	34
Kentucky Refining company, Louisville, Ky.	box	34
Keystone Palace Horse Car company, Chicago, Ill.	horse	34
Krug Brewing company, Omaha, Neb.	refrigerator	34
Krug Refrigerator line, Indianapolis, Ind.	refrigerator and box	34
Kansas City Refrigerator Car company, Kansas City, Mo.	box	34
Kingman & Co., Peoria, Ill.	box	34
Krug Sand company, Chicago, Ill.	flat	34
Krickerbocker Ice company, Chicago, Ill.	flat	34
Libby, McNeil & Libby, Chicago, Ill.	refrigerator	34
Lipton Refrigerator line, Chicago, Ill.	refrigerator	34
Live Poultry Transportation company, Chicago, Ill.	box	34
Laurel Hill Car & Coal Co., Chicago, Ill.	box	34
Lark Live Stock Transportation company, Chicago, Ill.	stock	34
Lewis, F. & Co., Rock Island, Ill.	box	34
Lewis, F. & Co., Rock Island, Ill.	box	34
Metzger Lined Oil company, La Salle, Ill.	tank	34
Manhattan Oil company, Lima, O.	tank	34
Mann Bros., Chicago, Ill.	stock	34
Mather Horse Car company, Chicago, Ill.	stock	34

[C. & N. W. RY. CO.]

CAR MILEAGE—Continued.

PAID OR ALLOWED FOR ROLLING STOCK NOT THE PROPERTY OF RAILROADS NOR CONSIGNED FOR USE BY LEASE.
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Cars Used		Compensation	
Name of Owner	Description	Rate	Amount
Mattoon Manufacturing company, Chicago, Ill.	box.....	3.5	928.07
Mathiesen & Hegeler Zinc company, La Salle, Ill.	tank.....	3.4	120.77
Manusha Wadon Ware company, Chicago, Ill.	box.....	3.5	2,384.14
Merchants Despatch Transportation company, New York, N. Y.	box and refrigerator...	box 3.5, refrig. 3.4	10,862.00
Morris Refrigerator line, Chicago, Ill.	refrigerator.....	1	2,096.93
Morris Refrigerator line, Ottumwa, Ill.	refrigerator.....	1	11.44
Marsante & Button, San Francisco, Cal.	tank.....	3.4	44.92
Michigan Annular works, Detroit, Mich.	tank.....	3.4	94.04
Missouri Car & Foundry Co., St. Louis, Mo.	box.....	3.5	37.22
National Lard Oil company, Chicago, Ill.	tank.....	3.4	48.60
National Rolling Stock company, St. Louis, Mo.	box.....	3.5	118.76
New England Car company, St. Louis, Mo.	stock.....	3.5	41.03
Onida Packing company, St. Omaha, Neb.	tank and refrigerator..	tank 3.4, refrig. 1	2,121.80
Paragon Refining company, Toledo, Ohio	tank.....	3.4	87.78
Pennsylvania Refining company, Oil City, Pa.	refrigerator.....	1	14.69
Perryman's Despatch, Chicago, Ill.	tank.....	3.4	273.10
Pacific Steamer Manufacturing company, Chicago, Ill.	tank.....	3.4	23.31
Produce Oil company, San Francisco, Cal.	tank.....	3.4	71.25
Produce Oil company, Los Angeles, Cal.	tank.....	3.4	11.87
Puente Oil company, Los Angeles, Cal.	tank.....	3.4	82.97
Puente Grain line, Minneapolis, Minn.	box.....	3.5	5.16
Peckert Transportation company, Cleveland, O.	tank.....	3.4	13.42
Reid, W. P. & Co., Chicago, Ill.	box.....	3.5	23.47
Richardson Bros., Sheboygan, Wis.	box.....	3.5	13.77
Rock Falls Manufacturing company, Chicago, Ill.	box.....	3.5	186.79
Rumley & company, La Porte, Ind.	box.....	3.5	32.53
Santa Fe, Fruit & Refrigerator line, Kansas	refrigerator.....	3.4	102.04
Shippers' Refrigerator Car company, Pittsfield, Mass.	refrigerator.....	3.4	1,782.17
St. Charles Refrigerator Despatch, St. Charles, Ill.	refrigerator.....	3.4	10.04
St. Charles Car company, St. Charles, Mo.	box.....	3.5	19.49
St. Louis Refrigerator Car company, St. Louis, Mo.	refrigerator.....	3.4	172.98
St. Paul Refrigerator Car company, St. Paul, Minn.	refrigerator.....	1	47.86

Shelbygan Chair company, Chicago, Ill.	box and refrigerator...	3-5	304 16
South Despatch Lumber line, Louisville, Ky.	box...	3-4	173 41
South West Millers' Despatch, Kansas City, Mo.	box...	3-5	4 57
Spring Valley Coal company, Spring Valley, Ill.	coal...	3-5	94 90
Street's Stable Car line, Chicago, Ill.	stock...	3-5	7,853 82
Swift Refrigerator line, Chicago, Ill.	refrig., box & stock...	3-5	8,597 80
Southern Freight line, Atlanta, Ga.	box...	3-5	3 63
Somers Coal company, Columbus, O.	coal...	3-5	9 97
Titusville Oil works, Titusville, Pa.	tank...	3-4	13 27
Union Refrigerator Transportation company, St. Louis, Mo.	refrigerator and box...	3-5	25,952 88
Union Tank line, New York, N. Y.	tank...	3-4	17,273 65
Venice Transportation company, St. Louis, Mo.	box and flat...	3-5	154 72
Waverly Oil company, Pittsburg, Pa.	tank...	3-4	8 11
Western Refrigerator line, Chicago, Ill.	refrigerator...	1	1,583 16
Western Refrigerator Transportation company, Chicago, Ill.	refrigerator...	1	89 29
Weaver Coal company, Chicago, Ill.	coal...	3-5	2 23
Western Meat Refrigerator Express company, St. Louis, Mo.	refrigerator...	1	2 15
Walters-Pierce Oil company, St. Louis, Mo.	tank...	3-4	7 60
Wright & Hitts' Linsseed Oil, Chicago, Ill.	tank...	3-4	7 92
Wells & French, Chicago, Ill.	flat...	3-5	4 62
Pullman Palace Car company	sleeping cars...	...	31,132 36
Wagner Palace Car company	sleeping cars...	...	46,782 69
Total	.....	\$	272,745 42

OATH.

Company's Original Report, Page 79.

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

We, the undersigned, Marvin Hughitt, president, and J. B. Redfield, auditor of the Chicago & North Western Railway company, on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of said company in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief; and we further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said company during the period for which said return is made.

M. HUGHITT, President.
J. B. REDFIELD, Auditor.

Subscribed and sworn to before me this 12th day of September, 1898.

[SEAL].

J. F. CLEVELAND, Notary Public.

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E. O. K. R.

4-21-13.



